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Soviet Union

Economic Affairs

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Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Union of Worker Collectives Protests 'Pseudoprivatization'

914A0204A Moscow *RABOCHAYA TRIBUNA*
in Russian 12 Dec 90 p 2

[Report by special correspondents L. Biryukova and E. Mokhorov: "Privatization or Change of Facade?"]

[Text] A new public organization—the Union of the Country's Labor Collectives—has opposed the apparatus maneuvers of the bankrupt command economy.

Toward the end of day two of the congress of representatives of the country's labor collectives the platform was mounted by the chairman of the USSR Supreme Soviet. On this occasion, the experienced pilot of the ship of parliament appeared, it seemed, somewhat tired and worried. The hall, in which a few minutes prior to this the question of staging a general warning strike at the start of January 1991 had been discussed in an electrified atmosphere, was expecting of A.I. Lukyanov a clear answer concerning the legislators' position in respect to the attempts of the ministerial list to unequivocally decide the question of property at state-owned enterprises in favor of a return to the inefficient methods of administrative command leadership.

Speaking at the congress, the delegates adduced examples confirming the danger of the quiet expropriation of state property by bureaucratic clans. Not waiting for the enactment of a law on privatization by the supreme soviets of the Union and the republics, former minister Velichko had announced without prior arrangement the creation of a concern and delegated to his apparatus the right to dispose of the property. But not much account was taken of the opinion of the "masses," the financially autonomous labor collectives.

This question was put at the congress: Do not the facts testify that the entire ministerial host also has quietly joined in the declared "war of laws" that has developed in the country? The apparatus of the departments has employed a proven weapon against the radical economic reform—legally binding instruments and departmental subordination. The policy of the share-capitalization of state property alienated from the working man is supported in sectoral headquarters in words, but attempts are being made in practice to keep hold of it.

The extensive, more simply, "cost-no-object" path of development of the economy—and this is obvious to all—has completely exhausted its potential. Nor is the necessity of market regulators disputed by the majority of top organizers of production who have worked for decades in the strict command system. At the same time, they do not see the future of our economy without sectoral, "vertical" structures. Attempts are being made to adapt them to the market. There are behind this, in a

number of cases, projects of a truly market metamorphosis, when it is planned creating out of the "headquarters" of a sector a fundamentally different large-scale holding company—a holder of the stock of independent enterprises. But there are also other, "cosmetic" plans for a repainting of the facades of the departments, when the same leaders move from ministerial chairs to lucrative key positions in the newly fledged concerns and associations.

A fundamentally different position on the problem of the denationalization of property was expressed by the representatives of the country's labor collectives. Three months ago they formulated their attitude toward pseudoprivatization in the well-known "Togliatti" resolution. The right to choose the forms of ownership and management should belong not to a small group of persons but to the enterprise labor collectives—such is the sense of this decision. The labor collectives would publicly, on a competitive basis, conclude a contract with the managers and, while not interfering in questions within the jurisdiction of the director, periodically seek an accounting from management of the results of economic activity.

There was new, constructive discussion at the congress of representatives of the labor collectives of a strong authority that the country needed and that could strengthen law and order, get the republics on friendly terms and unite the regions and establish firm ties in the common economic space of a union in renewal. Such an authority, a delegate from Cheboksary, V. Katayev, a member of the leadership of the newly formed union, declared, cannot be instituted from above with the aid of big stick and decrees. It will be established by the labor collectives themselves, if they become equal owners of socialist property. In this case, as the congress' decisions say, the labor collective-proprietors would be prepared to shoulder full economic responsibility for the results of management activity at their enterprises and for order in the country.

The delegates obtained first-hand, as they say, the clear response of the country's leadership to burning questions concerning the fate of the property created by the labor of generations of Soviet people. To whom would it ultimately belong? What would privatization do for the ordinary man? On whose side would the legislators be in the dispute between labor collectives and the self-sufficing apparatus structures? The crisis in the economy and the calamitous situation on the consumer market leave no room for a confrontation of the "masses" and the "upper strata" in industry. This would lead to a further loss of manageability of the already disorderly economic system.

A.I. Lukyanov frankly acknowledged at the congress that reality had already overtaken the highly imperfect laws on property and enterprises in the USSR and admitted that many of the provisions of these laws were outdated. There is no doubt, the chairman declared, that the labor collective must acquire independence and together with

it the right to decide all questions of the life of the enterprise affecting the vital interests of the working people. There followed an invitation to the new public organization—the Union of the Country's Labor Collectives—to cooperate with the USSR Supreme Soviet in working up the provisions of new laws.

Were the congress delegates satisfied with the answers? We exchanged opinions during the break with the worker delegates. Sergey Novopolskiy, leader of a team of mechanics of the Moscow Lenkomsomol Auto Works, was not sure that victory for the labor collectives in the struggle for their rights would be easy.

"It all depends here not on promises, declarations, and the parties' good intentions even, but on our resolve for action. If our demands are not met, we will call a strike."

Well, yes, this opinion is held. But the majority of the congress advocated other methods of struggle at this stage. For example, operating via the parliaments of sovereign republics. Thus the Supreme Soviet of the Ukraine has already suspended the Enterprises in the USSR Act on its territory. The Union of Labor Collectives has many supporters in the Russian parliament also. True, there is the danger that in the Russian Supreme Soviet discussion of a fundamental question of the economic reform could become a subject of bargaining between right and left and democrats and conservatives competing for power.

Addressing the delegates, Russian Deputy P. Filippov described the situation in the Supreme Soviet of Russia on the eve of a vote on the laws on property, enterprise, and privatization in a single sentence: "If for the conservatives the whole meaning of life is sticking to their principles, feeding eternally at the table of public ownership, they will never hear the voice of the majority whose bequest from the munificence of objective reality is empty shelves."

For leadership of the new public organization, the delegates elected a Council of Representatives from the ranks of the champions of democratic methods of management of the economy and activists of the Council of Labor Collectives of various regions of the country. V. Andrianov, mechanic-fitter of the AvtoVAZ, I. Akhmetov, engineer of the Yelabuga Passenger Automobiles Plant, and V. Lash, chairman of Moscow's "Kauchuk" Production Association Council of Labor Collectives, were elected cochairmen of the union.

The resolution of the Togliatti meeting was signed by the representatives of 2 million working people. Three months later the Union of the Country's Labor Collectives expressed the wishes of more than 6 million workers. Such is the rate of development of the organized workers' movement in the country.

Shmelev on Economic Separatism, Prospects for Cooperation

914A02174 Moscow IZVESTIYA in Russian 18 Dec 90
Union Edition p 2

[Interview with N. Shmelev by I. Zhagel: "Nikolai Shmelev: Bypassing the Market for the Middle Ages"]

[Text]

[Zhagel] Nikolay Petrovich, today one has a quite physical sensation of the need to reexamine the experience of economic perestroika, which both at the center and at the local level reminds one of an idling car.

[Shmelev] I agree. The time has come to look back and try to understand something fundamentally important. Otherwise we will never move from where we are... Recently I have very often recalled my late father's reaction to collectivization, which was summed up in one question: "Who is insane—me or the world?" At times I am also tormented by the same question when I observe the present enthusiasm for sovereignty which is giving birth to an avalanche of prohibitions against taking goods from one region to another and to growing distrust between the peoples of our country.

Under the guise of incantations about economic acceleration and integration into the world system we are bypassing the market and rushing straight for the Middle Ages. Let us recall that even Ivan the Terrible, in the process of his reforms, abolished all obstacles to the movement of goods and merchants. And now we are trying to put an archer with a poleax on every street corner.

No, the renaissance of the republics and of ethnic cultures will begin when the chief goal becomes freedom of the individual and freedom of the enterprise. After all, the majority of our reformers involved in the struggle for the sovereignty of regions have still done practically nothing for the real liberation of man or the enterprise. Perhaps only Russia has made a great step forward by adopting a law on the transfer of land to private ownership. All the rest trail far behind even the center that they criticize.

[Zhagel] By the way, how is it possible not to recall the big hopes we had for the Baltic republics? A year and a half ago we talked so much about republican economic accountability, then about radical economic reforms, and now we see the institution of customs restrictions and ration cards. It is doubtful that anyone will deny that from there this disease spread first to Leningrad, then to Novgorod and Pskov oblasts, and then spread to the territory of the whole country in just several months.

[Shmelev] Maybe not everyone will like my point of view, but I think that in the Baltic republics, initially, priority was put on the political separation from the Union and economic reform was somewhere in the background. This version of economic independence of Lithuania, Latvia and Estonia, which was discussed with

such fervor here, actually envisaged simple redistribution of power. The republics and not the center would set new, more "fair" prices for goods produced on their territory, and the republics instead of the center would determine the volume and structure of shipments "abroad." Where is the individual here? And where is the enterprise?

[Zhagel] I believe that the Baltic republics as well as many other regions suffer from the fact that decisions in the area of economics are still made for the most part in response to political slogans and goals.

[Shmelev] There is no doubt that such a problem exists. In a number of instances, to speak candidly, we are observing the usual struggle for power concealed behind lofty phrases about protecting the economic interests of the population of—and here one may insert any word—the population of a republic, a kray, an oblast, and even a city.

Another version also exists: By virtue of their economic incompetence, many leaders have become hostages of their populist promises. For instance they promise to build paradise on their little island—through the sale of oil, wood, or coal—at the same time that a sea of problems rages around them. Or they will be the first to move to market relations—they have their own version of an accelerated Komsomol work project.

For me, as an economist, it is perfectly clear that this sort of thing is impossible in principle. At least until a unified credit and financial system and a unified ruble exist. If any one of the republics tries to introduce its own currency, most likely its economy will be completely paralyzed. Practically no one will want to sell it raw materials, goods, and equipment in exchange for that new money.

When the impossibility of fulfilling the promises they have given the people becomes clear, as a rule the populists go for the old tested remedies—they look for enemies. These enemies may be members of cooperatives, criminals in the shadow economy, or simply their neighbors, from whom they try to fence themselves off using ration books and customs tariffs.

[Zhagel] Of course for the sake of justice it must be said that the regions in our country are not merely isolating themselves but are also trying to establish direct economic ties. Is it possible to say that, after the conclusion of a whole series of treaties of economic interaction between the republics, some kind of qualitatively new situation for the development of market relations has arisen?

[Shmelev] To be honest, I regard such treaties with a healthy dose of skepticism. Although, of course, to some degree they contribute to the decentralization of the economy and to the destruction of the Union's monopolistic structures. But for the most part this is that same return to the Middle Ages that we saw in the case of the limitations on the removal of goods from the republic.

Please tell me why the governments and parliaments of the republics should draw up treaties regarding to whom and with whom one should trade. That is the business of the enterprises, and the sole regulator of the enterprises should be the central, republic, and local tax. Plus good laws. And that is all!

After all, I know that in accordance with the concluded treaties the ministries of the republics are currently being told to work out issues of economic cooperation in more detail and to define specific volumes of mutual deliveries and participants in these contacts. It seems that administrative management from the top has simply moved to the republic level.

And that is more troublesome, if only because there will be more chiefs. But the main danger is that lots of activity at the local level creates the appearance of perestroika even while such actions often contradict and neutralize one another.

[Zhagel] So, then, the deceptively simple thought that no one will be able to pull himself from the economic quagmire independently and that it is impossible to build a market in a single republic by itself should also in fact be the conclusion reached after a reevaluation of the last 18 months?

[Shmelev] It is extremely important to confirm that thought in the public consciousness. I believe that we would not have to live through today's explosion of reformers and sovereignty if people were not circulating that idea that we must first split up in order to form a closer association. I repeat once more that splitting up would free the small chiefs from the influence of the more important ones, but in this instance the economic freedom of each specific person and each enterprise would be limited significantly.

Recognition of the hopelessness of separatist efforts would also be a turning point in the creation of unified, effectively functioning power structures which alone will be able to conduct deep, not cosmetic, economic reform.

[Zhagel] Incidentally, one of the fundamental links in these new structures may be the Council of the Federation, which is currently being granted additional powers. True, doubts are already being heard: Will it have enough power to influence the policy of the president and to ensure that the interests of the republics are taken into full consideration?

[Shmelev] I am convinced that the problem in this instance is concealed within another. The effectiveness of the activities of the Council of the Federation and its influence will not depend as much on the powers delegated to it as on the position of the republics themselves: Will they wish to take an active role in the work of the council or will they side with those partisan observers who declare boycotts each time the consensus varies the slightest bit from their own positions?

If the Council of the Federation meets regularly, adopts rulings on each vitally important questions, and keeps abreast of public opinion, no president will be able to oppose it. Of course in this instance all the members of the Council of the Federation should submit to strict discipline—once a ruling is adopted, they should have the grace to follow through and implement it.

In this there is no attempt to limit anyone's rights or deprive a republic of sovereignty. Look at the countries of the European Economic Community, where the rulings that are passed do not always respond to the interests of some members of the organization—but those members submit in the name of creating the conditions that most favor creative initiative and free enterprise for people or, in other words, that favor their economies.

[Zhagel] Self-discipline is, of course, good. But it is better when the rights and obligations of the republics are clearly codified in certain agreements. In this context, what is your opinion of the quality of the draft of the Union treaty that is being published for discussion?

[Shmelev] If personal political ambitions can be repudiated, it may well become a basis for compromise. In any event it may be the foundation for a further constructive effort.

[Zhagel] Let us suppose that common sense and responsibility prevail in our country and the republics manage to find a common language. Still, at the very beginning of their journey together they already have to decide a most serious problem: How should they carry out privatization? Despite the multitude of arguments, this question is still the biggest question mark and the one that troubles people the most. The editorial board has been receiving hundreds of letters, especially from retirees, saying that by their labor they have earned the right to own factories, plants, and stores and they demand fair distribution of all that property. I see occasion for new social tremors in this.

[Shmelev] Well, at present there really is no consensus or a clear plan of action on this issue. A significant portion of the so-called liberal economists tend toward making a list of everything and dividing it up equally. But in my opinion this idea is dangerous. In the end we may simply get hung up on this kind of a division of goods and lose sight of something far more important as regards the present.

My personal opinion is as follows: Privatization will not be a short-term campaign, as many in our country hope. It will be long and complicated. For now we should rely on granting real economic independence to the state enterprises. Yes, yes, it is time to remember three principles that have already been forgotten for some reason—self-management, self-financing, and cost recovery.

After all, many state enterprises exist abroad as well, for example the French concern Renault. It is completely

independent, it has its own responsibilities and risks, and the only things regulating it are taxes and laws. So, we must ensure that no minister can directly interfere in the business of a particular production unit in our country either.

Of course, such a condition will be transitional for the majority of the enterprises. They will quietly begin to issue shares, and the portion of fixed capital belonging to the collective will begin to grow as a result of the purchase of the shares. But I repeat once more that this is a long-term process. England needed almost 10 years to privatize several dozen state enterprises.

Incidentally, today I put much more hope in the revival of entrepreneurial activity and the private sector and in the creation of new small and medium-sized enterprises.

[Zhagel] The idea of speedy privatization also seems attractive to many people because it would supposedly tie down the population's free money. They say that if we do not give people goods, then we should give them the opportunity to spend their money purchasing their own enterprises.

[Shmelev] If a person needs an iron or shoes, then we are hardly going to force him to spend all of his money to purchase shares. I have said repeatedly and I will say again today that we are in need of a wide-scale "inflation" of goods and of purchases of consumer goods abroad.

[Zhagel] The idea is in fact attractive, but where do we get the hard currency for that, especially today?

[Shmelev] I believe that our president has already collected a substantial sum for this purpose. During his numerous recent contacts with foreign officials he discussed, as a rule, the allotment of credits for our country, a portion of which would go for the purchase of import goods.

Nor have we used up all the reserves inside our own country. I believe that it is time for us to revive the undeservedly castigated ANT [Automation, Science, and Technology] and, perhaps, even create another 10-15 of those same associations, which would be involved in the sale of materials that have not been used in our country for decades and are wasted in the literal sense. After all, according to official data alone, more than 200 billion rubles [R] worth of production stock over and above the permitted norms have accumulated at enterprises. And, knowing our country, I can say with confidence that there is just as much or perhaps even more raw material, goods, and equipment being kept which have not been accounted for.

I believe that the creation of ANT was one of several genuinely clever actions taken by our government. Unfortunately, the government immediately repudiated its creation as soon as a demagogic outcry arose. Even though there were more than enough arguments in its

defense. In fact, why, for example, can we sell unprocessed oil and not tank trucks? Were we richer or more satisfied after we sent that mountain of metal back from the border to the warehouses?

[Zhagel] We can find enough people abroad who wish to help us, and we can find reserves inside our country, but will not this whole infusion of goods get bogged down at our borders? How are our railroad stations going to operate when they are already practically paralyzed?

[Shmelev] I believe that the time has come to carry out a general reexamination of the role of trade and other intermediary structures for our further movement forward. Without that we will not be able to avoid such paradoxes as railroad cars with goods or products standing at stations while the stores shelves are empty. The ones to blame for that are not the transport workers or the loaders but the system of trade, under which personal wellbeing depends wholly on the maintenance of a deficit. We must resolutely choose to grant economic independence to trade enterprise and, very importantly, to wholesale depots so that they will have an interest in the delivery of goods by whatever means necessary.

And, of course, at the same time that we broaden economic independence, we must begin privatization of trade—this is where the soviets at all levels will have decisive influence. This right, this cause, is more noble and useful than erecting customs barriers.

Economists Discuss Economic Stabilization Measures

Introduction

914A0223A Moscow PRAVITELSTVENNY VESTNIK in Russian No 47, Nov 90 p 1

[Editorial introduction: "On the Way to a Market Economy"]

[Text] Today, every irregular pulse of the economy is felt like the beats of one's own heart. Indeed, the heart is sinking from the abyss of empty shelves that has opened up, from the gigantic lines, from the uncertainty about the future. The inevitable evil of coupons and ration cards today is becoming almost a sign of hope. But, of course, the main hope is on the market. That is why today the fate of the Basic Directions adopted by the country's parliament is also the fate of each of us, the fate of the entire state.

This document has been adopted, but the arguments of the supporters of various alternatives of the transition to a market economy have not subsided. The decisions now being made are assessed from various positions, the search for ways to stabilize the situation continues, and new, unused potentialities are being sought.

On the difficult path which we face, we cannot avoid comparing the multitude of views, assessments, and ideas or considering the broad spectrum of alternatives.

There will be no progress without this. That is why today we are giving the floor to well-known scientists representing different various of economic thought. A.V. Orlov, doctor of economic sciences, is deputy chairman of the USSR Council of Ministers State Commission for Economic Reform. N.P. Shmelev, USSR people's deputy and doctor of economic sciences, heads a department of the USA and Canada Institute of the USSR Academy of Sciences.

Shmelev: More Goods Needed

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[Interview with Nikolay Petrovich Shmelev, department head at the United States and Canada Institute of the USSR Academy of Sciences, by Yu. Popov and L. Chernenko: "So the Ruble Can Work"]

[Text]

[Popov/Chernenko] Nikolay Petrovich! You were one of the leaders of the group of scientists and specialists created by the government's decision that examined alternative versions of the transition to a market economy. You advocated some synthetic version which would have included everything valuable in the alternative drafts. And here the moment of synthesis has taken place. Its fruit was the Basic Directions. In your view, were you able to synthesize in this document everything that was most valuable?

[Shmelev] Both before and now I remain convinced that if people could forget about their political and personal ambitions, it is possible we could have a finished, logical synthetic version of an economic program that fully suits everyone who is concerned about the revival of our economy and sees it in movement toward a market economy. Unfortunately, political passions, ambitions, and attachments are still being added to all of this, in addition to the quest for the high truth.

As far as the final version adopted by the USSR Supreme Soviet is concerned, in my opinion, this is a very good declaration of our intentions and is totally acceptable as such. But if we examine it as a document claiming to be a program of the country's economic revival, we will see that several key questions remain unanswered beyond its framework.

For example, what does privatization mean? How to implement it? For example, I cannot believe that we can gather all the country's capital and divide it up, issuing each person shares of stock. Yes, at first glance this appears alluring and noble. But this is almost according to Bulgakov: "As you please, professor, but you have thought up something absurd." You see, such a thing has never happened before: privatization one way or another means redemption. But whereas assets amounting to about two trillion rubles [R] are subject to redemption, the populations savings (excluding "hot" money) add up to not more than R250 billion. Yes, perhaps there is

another R100 billion in frozen profits and income of enterprises. Moreover, you cannot think that our people are anxiously awaiting to invest their money in shares of stock. Certainly, some part of them will invest. But at first it will be quite a small part, since the majority relate to this with distrust. So the process of privatization through redemption may drag on for decades. Therefore, I am counting more on collective management combined with joint stock forms: self-management, cost recovery, self-financing.

In the dazed, frozen state that we are in, only individual shoots of new formations can force their way through the thick layer of asphalt. It is to them that we can tie our hope that the activeness of people will awaken, giving new strengths to the economy. But somehow no one is in a hurry to give free rein to the cooperative movement or private enterprise. We shyly evade the question of whether we consider permissible a hired work force of only up to 200-300 people. We sort of have a Law on Enterprise, and we sort of do not: it is not working. Up to now we do not have a single private barbershop, not to mention, say, some small candle factory.

The question of land ownership also remains undecided. Approximately 30 percent of our collective farms have proved to be viable even in the most inhuman conditions. Of course, we should not disturb them; let them operate and develop. But something must be done with the rest, the chronically unprofitable ones. After all, they are hopeless, like the tumbledown estates of drunken landowners. People must be given freedom of choice, although there are apprehensions here, of course: We have treated the rural area in such a way that the rural resident will not immediately believe in good intentions and will have doubts until he is given a full, constitutional guarantee to the right of ownership and eternal possession of his parcel of land.

[Popov/Chernenko] But is there certainty that the peasants will take the land?

[Shmelev] Yes, already now from one-tenth to one-fifth of the peasantry are ready for independent economic management. If one out of every 10 were to agree, the labor productivity would be the same as we now have, but the products would not rot but would be harvested. And if one out of every five were to treat the land as his own, we would make a real spurt in agriculture.

This is one of the key questions not resolved by the program. Here is another. Until the ruble becomes a working ruble, all our programs will be nothing more than mental exercises of theoreticians and politicians, not real life. Any program must definitely be based on one foundation: a working ruble. And its condition is approaching complete paralysis.

Improvement of finances, unfortunately, is subjugated in the programs to such categories as dependence or independence from foreigners, patriotism, and so forth. You see, we are faced with a purely practical task: how to remove a mountain of "hot" money from the market. I

have taken a critical position on this matter both with respect to the government's version and the "500 Days" program. They emphasize the population's savings. But you see, as long as these savings are in savings banks, they are not a serious threat to the market and do not make a mess of it. If a person has saved for a rainy day, for old age, this is "quiet" money. What danger can it pose for our domestic market? But we must without delay purge it of the crazy money which is being thrown into it.

How to do this? We must issue goods against "wooden" money. Let every person receive for it what is available to him—a crib or video recorder. In my opinion, this should be made our number one task for today. It can be called various things—restoration of the consumer market, or restoration of financial equilibrium, or recovery of the ruble, or redemption of money from the market—but it must not be postponed.

The question of prices is still unclear. No one knows what kind of a real budget deficit awaits us next year. Can we live as we do now, in a dichotomy? On the one hand, we raised whole prices and made it possible for them to move according to contracts. This is an obvious increase. On the other hand is the commitment not to raise retail prices. As life quickly showed, it is a commitment that cannot be fulfilled—the process of an open increase in prices for non-essential consumer goods has already begun.

And how could it be otherwise? Of course, it is terrible to do this; everyone is afraid. However, we cannot live "bow-legged" even for a few months. You see, this would mean a sharp increase in the speed of the printing press and an increase in the budget deficit. It would only take a few months for us to be even inundated by a flood of money. But now there is another unclear question: What to do about compensation? Will our people endure without it? I doubt it.

The once well-known governmental promise about maintaining existing prices apparently emerged as a compromise with the "500 Days" program. But can the government not increase prices? If we retain the present situation, we will go directly to a total ration card system, and not to the kind which G. Popov wants to introduce, not to such trifles as cards for 31 rubles. We will distribute even salt and matches as was done during wartime. This has been proven by the experience of dozens of other countries, and three times by our own country. And I am not talking about some scientific prediction. This is suggested by elementary logic.

Such are some of the problematic questions, or more precisely, three facets of the same question which quite seriously concern me: the mountain of "idle" money, prices, and the budget deficit. Not resolving them destroys all chances for building a market economy.

What variant will be chosen to solve the problem of prices?

As someone said, you can cut a dog's tail off right away, or you can, out of "humaneness," do it little by little, in three doses. The "500 Days" program leaned toward the latter variant, but with what kind of guarantees: to keep the miserable level of guaranteed supply. It seems to me that the administrative system could have done society a good service for the last time. Aware of its great misdeed in development of the economy, the beginning of which was in 1929 (I have in mind the disfigured price proportions—extremely high prices for some products and extremely low ones for other), today it could have balanced the distorted yoke of prices. Increase prices for sugar, bread, flour, meat, and other goods, whose prices are maintained artificially through the use of subsidies, and lower prices that are too high, thanks to which the state extorts money in the form of a turnover tax. In this way we would have reached world price correlations. Of course, compensation would be introduced when the interests of the working people are hurt, that is, conduct the operation honestly without earning a single kopeck for the budget. Then leave everything for the market. Otherwise, what is the sense in our aspiration for a market? We cannot have a market economy with normal wholesale prices and absolutely abnormal, almost crazy, retail prices.

I see the solution of these key questions as an indicator of the understanding of real needs and a determination to move to real deeds and not to declare intentions. Until they are resolved, we can talk only about the presence of noble intentions and about the desire to create a healthy economy in our country. But in this case it is quite far from desire to practice...

[Popov/Chernenko] Nikolay Petrovich! You have always placed special emphasis on the role of the foreign economic factor in stabilizing the situation, in the transition to market relations. Today the question of Western credits is especially relevant. Agreements on granting our country considerable loans were signed during the recent overseas visits by the USSR President. In your view, how can this support be used most effectively? How can we put the foreign factor into action more aggressively?

[Shmelev] I would distinguish two sides of one question here: short-term needs, within a maximum of two years, and medium- and long-term needs. Unfortunately, we are in such a difficult situation that we somehow do not think about the future, about long time periods, but want to get out of this deadlock we have entered as soon as we can. I maintain and have been tirelessly repeating this for three years: We need an urgent injection of imports. This is necessary for the patient to regain consciousness. We will treat him later. We also need this injection of imported goods for psychological reasons—people no longer believe anyone, and rightly so, since they have had their fill of words. You cannot feed them with freedom alone; you have to give them at least some improvement in living conditions, and you do this primarily by filling the store shelves.

The easiest path here is to import consumer goods. While our industry is stoking the fire, another five years will pass, and then 10 years. We need a one-time injection of goods, considering that we earn 8-10 rubles and sometimes 30-40 rubles for every dollar at the existing correlation of world prices and our domestic prices. That is why, in my view, we would require \$20-25 billion for a start. If we were able spend this taking into account the structure of the market's needs, which we have yet not worked out, we do not know what to import more of—baby food or video recorders.

Of course, it is now apparent that our leadership has concluded that we need imports, which is why it is persistently and quite successfully seeking money on the world market. However, we are taking an oversimplified path here, too. It is not at all mandatory that we find all these funds through aid. We could seriously use our reserves. In this regard, it would be good if PRAVITELSTVENNIY VESTNIK would publish my opinion about the ANT [expansion not found]. I believe that the government at one time did a great deed by supporting the creation of the ANT. It is too bad that as soon as the demagogues began shouting, it had to retreat. I believe that we need not one but 10-15 such ANT's.

There are also other possibilities. Certainly we could maneuver with grain imports; delay some projects from the area of the Egyptian pyramids which we are still building; economize on our assistance to friends and pseudo-friends, and so forth. And it is not legitimate to talk about an extended hand. We have sufficient room for maneuvering. For example, we can think about selling the other countries' debts to the USSR. At face value they amount to three-four times what we owe. True, there are hopeless debts. But they can be sold for 20 percent of face value, while India's debt can be sold at 100 percent. So, it is not at all mandatory that we ask for handouts.

But in this situation we should not turn down emergency assistance from state and private hands. I just returned from Spain where I met with the most earnest and influential bankers. They are also willing to invest in medium- and long-term prospects. This is normal. It is done throughout the world. For sure, the shouts of "We are selling the homeland!", which are heard today, will end here in our country. You see, money flows from country to country like through blood vessels. What is more, each country is trying to allure foreign money to itself, and we alone just sniff at it, as if there were enough money in the world to buy one-sixth of the earth.

But this is the long-term future. We have created a legal basis for it for the present, but we still need a working ruble, if not fully convertible then at least partially. As long as our currency is not convertible, we cannot expect any serious influx of capital.

So, it is also beneficial to attract private sources of funds. By the way, they are willing to invest their capital in our current needs. Although one can understand when they, like certain leaders such as [Margaret] Thatcher, say that

this assistance cannot be unconditional. There must be guarantees that we will not squander it again and that we will not spend it on food. After all, we managed to do this with the \$200 billion earned by selling oil in the 1970's and 1980's, although we could have trimmed the entire country in marble for this money.

And pay attention: almost no one is setting political conditions. Although, of course, there are certain conditions. These include stability in the country and erecting a working bridge between the USSR President and the chairman of the RSFSR Supreme Soviet. Curbing the mass insanity due to sovereignty (from republic to street). We must take into account that in the West, serious people demand guarantees from the center, from Moscow, if they give assistance. I am confident that many national movements are at the mercy of illusions. They are deceiving themselves when they think that some one is ready to grant them assistance and honor their promissory notes. Credits are given against guarantees of the center.

Another very important aspect which we practically do not talk about. How and where this assistance will be put into practical use. Two years ago, Professor V. Leontyev said to me: make your economists calculate the needs of your market and develop their structure—how much and what you need. This is one side. Here is the other. Let us assume that an influx of \$20-25 billion in imports were to begin in the next one-and-a-half years. Today, the domestic turnover of consumer imports is about R40 billion. And here we will increase it to R200 in two years! That is, it will increase four- to five-fold. How will the goods reach the consumer if we retain a thievish system of distribution? How much of them will be stolen? I will say right away that, in my opinion, the commercial and criminal mafia will choke; it will not be able to swallow up and digest too much. That means that most of it will be left for the market.

At the same time, a threat to sensible use of imports may appear from another side. I do not know what to say about tobacco and alcohol shortages or if they actually were organized and to what extent. But I am inclined to think that they were controlled by the dark world and were created by it. You cannot help but begin believing in the conspiracy theory: I suspect our distribution structure: and systems of supply, trade, and imports. Apparently, they cannot survive without a shortage; this is a condition of their existence. What will we do with them if prefer to let goods rot instead of releasing them? We need some kind of control system not thought of previously. Here is one recipe for this.

Recently the LONDON TIMES wrote that, apparently, the KGB is the least corrupt of all structures in the Soviet Union. I smiled at first, but then began thinking: after all, this is actually true. At least its workers have not forgotten God and observe discipline. This may seem to be a paradox, but I believe that perhaps the KGB should

be charged with control of the receipt and distribution of imported goods. In my view, this is a quite workable idea.

[Popov/Chernenko] Of course, our consumer market has craved for imports and would swallow up everything. But we also need to think about the future. And that means also to use credits to modernize industry.

[Shmelev] I also am against a one-sided approach—to spend everything on food and leave nothing for investments in industry. We need to modernize our worthless production facilities of medicine and other sectors. Ideally, both processes should proceed in parallel—both current emergency credit needs and investment credit needs.

Still, it is namely "hot" money that has made a mess of the market and made us all unhappy people. Due to the printing press and largely ethnic sufferings, due to it we cannot move to a market economy. And it is simply impossible to cancel it without the injection of imported goods which we talked about. Some 2 years from now, having confiscated the blank bills from the population, we will stand in front of the luxurious store windows unable to buy everything we like. And this will be a normal phenomenon, when a person finally will try to earn money and not look for ways to get something from the black market.

This is not some foolish theory, but the experience of a school which dozens of states have gone through before us. And nature holds no other way.

The injection of imports must be felt in the next few months—we cannot wait any longer, otherwise the knot will tighten so much that it will be impossible to untangle it.

Orlov: Lessen Money Supply

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[Interview with Andrey Vladimirovich Orlov, doctor of economic sciences and deputy chairman of the USSR Council of Ministers Commission for Economic Reform, by Yu. Rytov: "We Cannot Avoid Harsh Measures"]

[Text]

[Rytov] Andrey Vladimirovich, the state of the consumer market is the number one problem today. The empty shelves in our stores are causing great social tension. It will not take much before there is an explosion. Is there really nothing that can be done to improve the situation?

[Orlov] First of all, I would like to note that our production of consumer goods is not declining but increasing. In the nine months of this year, compared to the same period last year, the increase is six percent. This is not as much as I would like (the plan for the year is 14 percent),

but it still is a substantial increase. So, why are there no goods in the stores? There are two reasons here. The first is the leading growth of the population's monetary incomes. During that same time they increased by 14.4 percent. The second I would call the "hungry eyes" syndrome. The fear of monetary reform and price increases forces people to buy up everything that appears in the stores. With the empty counters, some families have anomalous reserves of soap, cereal, sugar, sausage, and so forth. Much of this will spoil and be thrown out. Quite a few wardrobe items and durable goods are also bought for future use. The time the population wastes searching for goods and standing in lines amounts to about 30-40 billion man-hours a year. This is a monster that devours time and people's nerves.

[Rytov] How would you assess the condition of the consumer market?

[Orlov] In 1988-1989, the population was unable to use about R55-60 billion of the sum of current monetary income to purchase goods and pay for services. In the first half of 1990 that figure was more than R30 billion. The accumulated unsatisfied demand is (according to various estimates) R200-225 billion. The total capacity of the consumer market for goods and services exceeds R750 billion, with the volume of their sales at R540-550 billion. Strict rationing of purchases has been introduced practically everywhere. Regional self-isolation has created a threat of autarchy of territorial markets.

A reduction in imports of rolled metal, component parts, viscose, paints and varnishes, paper, tobacco, cotton fiber, and other raw materials has sharply worsened the operation of enterprises in the machine building, chemical, light, food, timber, and woodworking industries. Many enterprises have shut down or are the verge of shutting down. The extent of the total deficit has increased to 96-97 percent (in the total number of 1,200 goods surveyed) at the expense of the barest necessities (bakery goods, sugar, vegetable oil, and so forth). Food supplies have worsened sharply and were received in smaller volumes than envisioned.

The decline in efficiency and stagnation of production, a worsening of product quality, and a severing of economic ties have become the attributes of a deteriorating economic situation. Society has entered a depression that is largely reminiscent of the "great" depression of 1929-1933 in its social and psychological manifestations; true, it resulted from other causes, not an explosion of a shortage of goods.

As a result of almost complete nationalization and monopolization, the paltry share of free commerce in production became chronically passive with respect to demand. State prices do not correspond to real proportions, especially market proportions, not to mention the open market. The allocation of most of the resources to funds resulted in the parasitizing of the shadow economy

and black market on the deficit (from R60-100 billion to R150-300 billion) and on the difference between state and market prices.

[Rytov] Consequently, at least two conditions are necessary to stabilize the consumer market: a sharp increase in the output of goods and a limitation on monetary incomes...

[Orlov] I would not say a limitation, but rather a regulation of them, stricter control over payment of money. I will cite one example in this regard. The other day the government adopted the decree: "On Mutual Relations of State Enterprises With Cooperatives Created Under Them." What brought this about? It is no secret that many state enterprises use the cooperatives created under them as an avenue for turning noncash financial resources into ready cash. This precisely leads to an unjustified increase in monetary incomes and adversely affects the condition of the consumer market. That is why the government suggested that state enterprises review contracts with the cooperatives created under them. From now on, financial monitoring of the results of their activities will be a mandatory condition.

Beginning 1 December 1990, monetary payment transactions of enterprises with cooperatives created under them will be made only through special subaccounts opened in banking institutions servicing state enterprises. In doing so, a state enterprise's wage fund formed in the prescribed manner is decreased by the amount transferred to the cooperatives for this purpose.

[Rytov] Such a measure can hardly be called popular...

[Orlov] The period of stabilization requires harsh measures. We cannot avoid them.

[Rytov] What must be done to stabilize trade?

[Orlov] First of all, we must reduce rush demand. We must immediately mobilize and take an inventory of reserves, illiquid assets, and capacities, especially in the military-industrial complex. Then we must begin the process of antimonopolization of the state purchasing service and create parallel purchasing organizations, restoring trade and purchasing and intermediary cooperatives.

[Rytov] We are all placing considerable hopes on imports...

[Orlov] Undoubtedly. But given our modest currency resources, we must carefully calculate precisely how to use them. Several variants are possible here.

Variant 1. With a minimum expenditure of currency (\$3-5 billion), purchase only a special collection of food products for children and elderly people (dried milk, crackers, baby food, canned meat and vegetables, vegetable oil, over-the-counter medicines, and so forth). Priority delivery of them would be to the Kuzbass, Donbass, the Urals, Vorkuta, and Tyumen (this would provide a goods turnover of R12-15 billion).

Variant 2. This is a compromise (middle) variant—medicines, foodstuffs (including tobacco and alcohol products), clothing, footwear, and other mass demand goods meant for all population groups. This would require \$8-10 billion and provide a goods turnover of R40-60 billion.

Variant 3. With favorable opportunities with currency, purchase foodstuffs (including tobacco and alcohol products), vitamins, medicines, clothing, footwear, toiletries and medicinal preparations, video equipment, and personal computers. This list would also include small agricultural machinery, equipment, and technology (especially for packaging and packing) for production of goods. (Expenditures of \$15-20 billion would provide a goods turnover of R100-120 billion rubles.)

[Rytov] Let us assume that foreign states would agree to give us assistance. How would it be used specifically?

[Orlov] An emphasis on decentralized channels of distribution of both trade and investments, on the main subjects of market relations—enterprises, is the essence of practical use of foreign assistance with precise coordination using centralized and republic structures. Such an approach makes it possible to carry out several tasks: reinforce the independence of enterprises; take a powerful step toward demonopolizing the economy; remove surplus money and weaken inflationary pressure by paying for deliveries for Soviet enterprises in rubles (with the establishment of a more realistic exchange rate).

[Rytov] However, the opportunities for maneuver are growing narrower with each day...

[Orlov] Yes, \$8-10 billion in assistance and the purchase of goods no longer will make it possible to eliminate completely the unsatisfied demand. This loan is not enough for other social programs. The corresponding scale of deliveries in compressed time periods is a most difficult task for our transportation system without involving the army. For the time being, as experts believe, we can borrow large sums on acceptable terms using gold and diamond reserves as security and with the guarantee that we will carry out emergency measures, stabilize the economy, and make a transition to a market economy. Decisive implementation of this program combined with loans is the optimum strategy.

A detailed plan of foreign economic assistance (as a variant) must be a component part of a program of stabilization and transition to a market economy. On reaching an agreement on providing assistance to the USSR, the need arises for rapid preparation of a special program. Its basis must include: financial improvement and stabilization of the economy as quickly as possible; privatization and demonopolization; rapid formation of enterprise, especially small businesses, in production and trade; and a new market infrastructure. The assistance from donor countries will go primarily horizontally—through direct deliveries by foreign firms for

specific projects on specific territories; essential openness of the Soviet economy for foreign investments, accomplished along with deliveries within the framework of implementing the assistance plan. Thus the economic structure will be "drawn into" the world market, and the formation of a new structure of expenditures and market prices will begin (only with internal regulation these will be merely quasi-market prices).

[Rytov] What is needed to implement such a program?

[Orlov] We need to carry out tactical and strategic tasks decisively. First, emergency tasks to restore trade. Second, restructure the economy and imports and exports. We must carefully select the sectors and enterprises to be given priority assistance; coordinate programs of conversion, foreign investment, and foreign economic assistance; and create special union, republic, and local bodies to implement these programs. Coordination of deliveries and programs must be ensured.

[Rytov] Obviously, aren't the defense complex enterprises that are being converted the most prepared technologically and personnel-wise to enter the open market? They have the technologies and the ideas. In the first phase of Western assistance, they could rapidly restore the entire assortment of economic and technically complex goods...

[Orlov] You are correct. But in so doing, we must ensure production of only promising goods that are competitive both on the domestic and foreign markets, formation of a new technological base, and production of new-generation electronics, refrigeration equipment, and transport equipment. We should gradually reduce the production of the most simple items in enterprises of the military-industrial complex to a minimum. Production of these items should be transferred to small enterprises that are "set free"—former consumer goods shops.

We must not orient conversion solely on changing the specialization of production and fulfilling cost quotas for producing civilian goods and production equipment by increasing prices. After all, equipment for light industry and the food industry has already risen in price many times.

Orientation solely on volume indicators will not make it possible to overcome the shortage in durable goods. According to estimates, the conversion program's contribution to "dissolving" the population's accumulated savings not backed by goods will barely exceed seven-eighth percent in 1991. Thus, it makes no sense to count on achieving a balance only by increasing production volumes. Conversion can have an effect only when combined with other measures.

What are the organizational and economic conditions of accomplishing conversion? Here it is also necessary to single out the immediate, mid-term (for the period of stabilization), and long-term tasks; gradually change the vertical departmental subordination in sectors of the military-industrial complex in order to demonopolize

production; and remove individual shops and production facilities from enterprises, turning them into independent small businesses.

[Rytov] Experts believe that normalization of trade depends not only on conversion but also on the rapid creation of a housing market.

[Orlov] Yes, housing is a special type of resource for consumption, a basic type of personal property accumulated by citizens. This is an important direction of capital investments. Transition to a housing market is possible in three-five years so as not to hurt the majority of its owners.

What is necessary to do this? Transfer ownership of the state housing stocks to the citizens. Make housing and municipal services operate on cost recovery. Provide social protection for part of the housing owners. Finally, create a competitive nonstate sector in the housing construction industry.

To form a critical mass of owners (a minimum of 70 percent of the municipal housing stocks), for example, as A.S. Zaychenko believes, it is necessary to transfer free of charge by means of a one-time act the ownership of the available housing stocks to those residing in it.

[Rytov] Does that mean you are opposed to the sale of housing?

[Orlov] Selling it as the main means of privatization is not a panacea. First of all, this housing has already been paid for through the necessary labor of various generations of Soviet people (in this sense it cannot be considered state property formed only through a surplus product created for the whole society). Second, the vast majority of the population does not have the money to redeem it. Their savings basically represent a deferred demand and money for a rainy day. Given any state benefits for purchasing apartments, we must not delay creation of a housing market by privatization.

The average useful floorspace per person in a given city, rayon, or republic should become the norm of housing transferred free of charge to the population. This observes fairness and ensures mass support of the program by the population. (No other norms—"social," "sanitary," or others—should be used.)

The market assumes the buying and selling of housing at prices established as a result of the interaction of supply and demand, that is, at contract prices. So far, a critical mass of owners of private housing has not been formed. Wages lack that portion which in almost all other countries of the world is intended for various types of investments, including for maintaining one's own housing. Therefore, housing services should not be assessed at contract prices. This is backbreaking for almost 30 percent of the population and would sharply lower the standard of living for the remaining 70 percent. Housing expenses in family budgets should increase gradually, but they should reflect not an increase in

prices for housing and municipal services but an increase in the size and degree of comfort of apartments and houses.

[Rytov] In your view, how much time will it take to stabilize the consumer market?

[Orlov] Two years—1991 and 1992, provided that we have a clear-cut, detailed timetable for implementing the planned measures. For example, already at the very beginning of next year we should abolish state (monopoly) wholesale associations. They should be replaced by regional and interregional independent wholesale associations and firms of various forms of ownership that operate in combination with banking structures.

We also should abolish state monopoly in trade in the shortest possible time by forming a consumer's cooperative society and trade and purchasing cooperatives in the cities and carry out massive privatization of small trade enterprises based on leasing, issuance of stock shares, selling, and transferring to family ownership by means of auctions and competitions.

Market price formation and introduction of a new system of discounts should be combined with the formation of a new financial and credit mechanism in trade and of "our own" commercial banks and the creation of inspectorates to monitor prices, product quality, and observation of trade rules. At this stage the restoration of a mandatory assortment of foodstuffs and medicines and a minimum assortment of clothing, footwear, toiletries, and household goods would begin.

In the second half of next year, the sphere of privatization of small enterprises in trade, public dining, and consumer services would expand to 50-60 percent. Issuance of stock and leasing would expand with redemption of wholesale associations, department stores, self-service stores, and public dining combines (to 60-70 percent). Intensive formation of the market and trade infrastructure would continue: commercial banks, commercial information systems, marketing and consulting firms, warehouses, elevators, refrigeration plants, packaging plants, and transportation facilities (primarily using enterprises' own funds and credits).

In 1992, the process of denationalization and privatization in trade and the service sector would basically be completed (80-90 percent). Commodity exchanges, stock exchanges, and brokerage and dealer services would be formed in union and autonomous republics and in major centers. The sphere of state orders for the production and delivery of goods and the cancellation of fixed prices (preserving price limits) would be narrowed sharply. The assortment of foodstuffs, clothing, footwear, and other goods and services would be maintained at a normal level. These are the first symptoms of normal competition and a drop in retail prices.

Already in 1993 we could complete the first stage of forming a unified all-union market of means of production and consumer items, capital market, labor market, and so forth, of course, given the corresponding reorganization of state structures.

Bogomolov Cites Advantages of Privatization

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[Article by Academician O. Bogomolov: "Facing the Market: Privatization"]

[Text] Property interests, no matter how they sometimes try to hide or disguise themselves, stand behind many social processes. We need not labor under delusion: they also play a decisive role in our market reform. The administrative system, although formally it did not possess property, monopolistically disposed of the so-called "people's" property, and is not inclined to give up its power. However, property in its hands in practice turned into no one's and lost its most important qualities: the source of incomes for its owners, the grounds for their independent economic behavior, and a most important factor in the motivation of labor and entrepreneurial activity. The main reasons for the bankruptcy of the command-administrative system lie in the violation and deformation of ownership relations.

Since state property is perceived as no one's, the division of it that has begun apparently will not make us any poorer. Most of us have been weaned from possessing anything, except our own clothing and household goods, or sometimes even cars or maybe dachas and apartments. Compared to the overall wealth of the country, all these are just crumbs. Possibly, this psychological background explains the certain lack of concern in public opinion as regards the transformation of ownership relations.

Meanwhile, some people are already grabbing the fat pieces, buying up state goods cheaply and laying the foundation for their future wealth. This possibility of receiving "no one's" property through an ill-considered procedure for privatization puts me on guard. For instance, it is surprising that our government, which so decisively supports socialist choice, completely forgets about this in the question of privatization. It is proceeding from the fact that state property has never belonged to the people, and thus can be returned to them only through sale. This is an entirely natural decision for a Western society, but it raises questions here, for it has been instilled in each of us that everything around me is mine. Why must I myself purchase or lease property? The people have been mercilessly exploited, deprived of any surplus wages. So, with what can we buy the property that is being privatized? Everyone knows who will get it today: the nomenclature and the money-bags.

Privatization is the basic issue in conversion to a market. Both the social world and the functioning of market stimuli for development depend on how privatization is

conducted. Without market stimuli, we will not get out of the abyss. It is possible to lay the foundations for a healthy economy only by restoring the freedom, inviolability and equality of all types of ownership—state, collective and private. Only by possessing sufficient property does a person become genuinely independent. Therefore, it is time to endow the citizens with the property which, in the course of generations, was alienated from them in the name of building socialism. Above all, we must return a sufficiently large share to them, and only as the second option should it be sold.

The government has started denationalization without having assessed the value of the enterprises, land, forests, buildings and other properties according to the laws of the market. Elementary logic suggests the need, in the first place, to conduct an inventory of that which was considered "the people's" property, including the property of public organizations. Then, we should determine the market value of our common property, perhaps with the participation of independent Western experts and bookkeepers who know the laws of the market and the world value of the inventory being assessed.

Regardless of the behests of the founders of socialism, inventory-taking has not become the cornerstone of the new society. In this regard, the primitive nature of our economy as compared to the Western economy is especially striking. Not having repaired the omissions here, we also cannot draw closer to a market. We must not deny the country's people, as the owners, the right to know even the approximate value of their wealth.

This is also important from the viewpoint of restoring healthy currency. After all, supposedly the currency is backed by the entire wealth of the state, by gold and precious metals. However, for the time being this is nothing more than empty words, a knowing deception. Its real value is determined by what can be freely purchased with it. Today, as everyone knows, this is very little. Therefore, money is turning into useless paper. While putting real estate and other properties subject to privatization into market circulation, we are in a position to give the waning ruble the reinforcement that it lacks.

However, not only the state-monopolist can and should act as the seller. The republics, which are acquiring the status of independent states, municipalities, public organizations, the directorates of state property, and others should receive their share. Specific agreements and legislative acts are needed on this account, proceeding from coordinated general principles. However, every adult person in the country has the right to claim a certain share and to receive it. For instance, one-half of the national wealth could remain in the hands of state (republic, local, etc.) bodies of power. Every adult citizen could receive a corresponding share of the other half in the form of a certificate for a certain sum. This certificate in hard currency rubles (hard currency would be good) will, in the future, when a market appears for

housing, land plots, stocks and other properties, be used in order to acquire them. It could also be turned into a bank deposit.

Today, it is hard to say what sum each person should receive, perhaps equivalent to three-five thousand dollars. This will create relatively fairer starting conditions in society for the acquisition of property and, on the other hand, will compensate people for inevitable losses during the conversion to free prices. Moreover, the monetary accumulations of the population can and will, most likely, be used for the acquisition of property and land, which will reduce the sum of "hot money." It may be profitable to invest money, existing in cash or in deposits, in the purchase of apartments, buildings, land for a dacha, a city home or a kitchen-garden. All world experience indicates that the value of such real estate is permanent and grows fairly rapidly. However, the acquisition of stocks may also bring tangible incomes.

Crop land and forests represent tremendous national wealth in our country, still not properly assessed. It is under the control of various managers—chairmen (boards) of kolkhozes, sovkhoses, offices and institutions. No one demands of them that their possession bring the maximum possible income. Would it not be better that the land and forests convert to the auspices of state, republic and regional administrations of a land and forest fund which, having an estimate of its value at their disposal, would be concerned with preserving this fund, with the generation of the appropriate income from every ruble of valuable capital?

If we combine the proposed methods of privatization with strict measures to reduce the budget deficit and restrict credit, as well as with conversion to free price-setting and the attraction of foreign investments, it is possible to count on a relatively rapid improvement of monetary circulation and on ensuring the internal convertibility of the ruble.

Full-valued currency is the most necessary instrument of the market, a powerful stimulus for the development of industry and, moreover, for productive labor. Therefore, we must begin the conversion to a market with this.

Inflation has put a tremendous indirect tax on the shoulders of the people and has seriously cut into their consumption. It is unrealistic to convert the tremendous mass of excess money into goods with the help of the government's proposed plans to increase production. The idea of a sharp increase in prices with a payment of compensations and income indexing also offers nothing for rapid improvement of the ruble. The solution lies in using privatization for these purposes, simultaneously putting the state, banks and enterprises in good financial order.

The concepts and methods of privatization, of course, must also take into account the interests of sovereign republics. The widespread principle that everything within the territory of a given republic is the exclusive property of its people is somewhat anachronistic in the

light of world experience. Whereas the land and its depths are justifiably deemed the property of citizens living within the territory of the corresponding national-territorial formations, many industrial enterprises of Union subordination, power, transportation and communications systems, defense projects and so forth were created through the labor and with the resources of all republics, and this should be properly taken into account in the division of property.

The best method of solution that the contemporary world knows of, but which to this day has been excluded from the practice of our country and other CEMA countries, is the internationalization of property in the form of multi-national or transnational joint-stock companies. The rapid spread of advanced technology, the successes of the European integration, and the headlong upsurge of the so-called new industrial states are linked to the activity of such corporations. It is important to preserve transrepublic industrial and other structures, to make them into joint-stock property.

It is hard to believe that privatization will successfully be implemented calmly, without evoking a heating of passions, protests, and the resistance of the apparatus. Privatization is the return of property to the people. The psychological lack of preparation for enterprise, for property differentiation, the fear of returning to the dispossession of the kulaks and nationalization, the tax interests of the treasury, which is empty and has agreed only to sell state property, not to give it away, and the demagogic accusations of returning to capitalism are all twisted into a ball, which nobody knows how to untangle. However, the mistakes will be fewer and the chances for success greater, if society chooses in favor of democratic and socially fair variants of privatization.

Pros, Cons of Privatization Presented

"Fair" Distribution of Property Possible

904A0585A Moscow *RABOCHAYA TRIBUNA*
in Russian 4 Sep 90 p 3

[Article by P. Bunich: "Everyone Will Get His Share. . ."]

[Text] Agitating now for private property is about like beating on an open door. Or at least so it seems to many. Already in the program documents of the 28th Congress of the CPSU there are words in support of "labor private property," and the fall session of the union parliament is supposed to examine the government privatization program. It's a little too soon, though, for shouting "Hurrah!" and throwing caps in the air, because the issue is more complicated than it seems. Or so believes the president of the USSR Union of Leasers and Entrepreneurs, USSR People's Deputy Pavel Bunich.

Despite the fact that public opinion, if one is to believe the data of the sociological surveys, is increasingly less afraid of the "horrors" of partial privatization, few are anxious to go into bondage to yesterday's "shadow

operators," who are prepared—if they had their way—to buy up practically all state property to the bare walls. Nor would doing so be wise. The worker who has been saving indefatigably all his life and still hasn't got enough for even a Zaporozhets is unlikely to be pleased to see his neighbor-thief, who has knocked together a fortune through speculation, become king of the roost. The mass dissatisfaction that has splashed out onto the streets in this connection is fraught with the kind of social upheaval that can put the fate of not only the privatization program but also its creators in question.

What should we do? Reject that kind of program? No, that's no way out. Wait for workers and labor collectives to gather enough wealth that they themselves can buy out their own enterprises? The waiting could stretch out much too long. And time has long since run out.

What Is To Be Done?

There is one way out: give the state's property to the people. Or rather, not give (for it was created by the people's hands), but return what is rightfully theirs as creator. No, some of the basic funds should, without doubt, belong to the state. Let it keep defense, space, health care, the educational complex. But the greater part—say, 60-70 per cent—should be privatized.

On the basis of what principles, you ask? Here several scenarios are possible. Immovable property could be given out to everyone equally, including infants. Then, taking into account deterioration of productive powers resident, by my calculations, would get 4,000 rubles. With this proviso: the value of basic funds is taken in original sums. If we were to add to this as well the value of the land (which has yet to be appraised), then each resident of the country risks becoming the owner of a very large fortune. However, the Sharikov scenario—"in equal parts"—is far from the principle of true justice.

It would be much wiser to divide up state property among people taking into account their seniority and salaries. Then each working person would get 5,000 rubles in original prices. Working people, I think, should include mother-housewives, invalids, and, of course, pensioners.

It is much more important now to figure out a mechanism for the real transfer of state property to people. After all, purely physically, it's impossible to cut up all immovable property into small pieces and hand them over to people—it's all yours, enjoy. Even if it were possible, then who would get the "piece" of a highly profitable automaker and who the useless 1913 boiler plate that has only one future—the dump.

You can't divide nature. It's simpler to give out to each person a receipt for a given sum and let the person decide whether to acquire immovable property at auction or shares of an attractive enterprise or deposit the money in the bank for interest. Or maybe sell his share on an exchange to someone else, getting his sum in cash, or vice-versa, buy someone else's piece of the pie.

True, "shadow operators" might well get their grubby paws all over this kind of buying and selling which would threaten the whole system for neutralizing their capital. So that this doesn't happen, the principle of income declaration, which exists throughout the civilized world and works effectively, must be put into effect. We know how even the highest state officials are punished when they pilfer so much as a dollar. I agree that given our total confusion right now a new business in forging income declarations could become quite profitable and safe. But in this all claims would have to be made to the lawkeeping organs.

Several other issues arise in this regard. If the most honest and hardworking citizens find themselves owners of stock worth many thousands of rubles, won't they immediately sink into sloth, won't they be transformed into idle rentiers? Won't we thereby be excluding the mass of able-bodied people from the production process? I think not. World experience shows that only fabulously wealthy people turn into rentiers. Ordinary stockholders, just to maintain their capital in conditions of fierce competition and inflation, must work by the sweat of their brow to increase it. Remember in Lewis Carroll's *ALICE IN WONDERLAND*: you have to keep running ahead if you are to stay in place.

Aha, the pessimists shake their heads gloomily. Private property will squeeze the last juice out of the workers, making them a diamond-studded capitalist-exploiter heaven. The pessimists are wrong. Strange though it may seem to many, but exploitation is by no means the inevitable companion of private property. Then why, they ask me, does a manager hire workers? Because, I reply, without them he cannot realize his abilities as an organizer and acquire a reasonable share of profit. And without hired workers money will become a dead weight and lose its value. In other words, just as a worker cannot get along without an employer, so he cannot get along without them.

There's no question that there exists in the world today the cruelest exploitation of hired labor. But let's take a closer look at who exactly is being exploited: Puerto Ricans in the United States, Turks in West Germany, Yugoslavs in Western Europe. That is, those who for subjective reasons do not possess in the specific region a set of legally enforced rights, who don't have a strong trade union behind them.

Conclusion?

In preparing for the privatization of state property we must not break out in a panic over its possible drawbacks but calmly seek out ways to limit them—by working out a fair system of denationalization, through the creation of powerful defensive structures, such as trade unions, which can act on the basis of wise, humane laws. There's the whole secret.

Rise of Criminal Elements Likely

904A0585B Moscow *RABOCHAYA TRIBUNA*
in Russian 4 Sep 90 p 3

[Interview with A. Sergeyev: "Not Everyone Will Be Bosses: Beware the Soviet Bourgeois"]

[Text] The position of doctor of economics A. A. Sergeyev is well known in the country. He has spoken out as an opponent of denationalization of the economy. Even now, when the queue has reached the elaboration of a state privatization program for a significant part of state property, Aleksey Alekseyevich continues to hold to his point of view.

[RABOCHAYA TRIBUNA] What is it about the appearance of private property in the country that scares you? Is it so bad for each citizen to get his share in the division of state property and become the true boss of the means of production?

[Sergeyev] That's just the point. Not everyone will be bosses. Even if, let us assume, we manage to divide up state funds fairly, according to labor contribution, for everyone, to give each person his piece of the pie. After a while some owners will inevitably want to sell their share, to turn it into money. Who knows who might need money or for what? For example, for expensive medical treatment. A person won't spare anything for that. So what are we going to see after a while? Some are going to own large or medium "pieces" of property—immovable property, productive funds—and others will have nothing but their working hands. The former will become bosses; the latter will head for the manpower market.

Yes, if you like, these bosses were determined long ago and are only waiting for their hour! They are the bigwigs in the shadow economy. They have what it takes to buy up everything possible. So there's no point in talking about equal starting conditions for the country's citizens in the transition to a market economy. A Soviet bourgeoisie is going to appear, or rather, be legalized, in the wink of an eye. Those who made their money through theft, speculation, attachments, bribes.

Oh, that would be quite a class! We would hardly find in its representatives any similarity with the respectable, well-bred and educated, philanthropically minded capitalists that pay us visits from the civilized countries of the West and East. Our Soviet bourgeois, reared on lies and deceit, are people without the cross, often cruel, with criminal pasts. Letting them achieve their goals means turning the country into an abyss of rampant plutocracy, restoring capitalism in its worst form: with sharp social and property differentiation in society, the erosion of social defense for workers, mass unemployment, permanent inflation, and a decline in the living standard for the greater part of the workers.

[RABOCHAYA TRIBUNA] You have painted a frightening picture, one that makes my flesh creep. But you

will agree, we can't take any more of the dispiriting and progressive inefficiency of production based on official property.

[Sergeyev] You're hoping that the Soviet bourgeois are going to raise production efficiency? In vain. That won't happen. I can prove it. Who are the Soviet bourgeois? Outstanding organizers of production, entrepreneurs who have beaten the competition? No, of course. They have amassed capital by entirely different means. By fraud. This "banditocracy," mafia elements, naturally, are not versed in the subtleties of modern production and are not ready to grasp its advanced, highly efficient forms. And inasmuch as they are going to be competing among themselves, they have nothing to fear. They could also break out into the foreign market, selling raw materials or production tailings. Or resell something. We see quite lucid hints at this kind of perspective in Soviet activity of late.

I'm convinced: there's no reason to think that the "new bosses of life" are going to put production on a modern technical and technological footing. And that means it would be at the very least naive to expect a rise in people's standard of living. It's going to decline even more.

[RABOCHAYA TRIBUNA] Don't you think that economic freedom will bring forward honest, enterprising, talented people and that the "shadow operators" have no alternative?

[Sergeyev] It will, unquestionably! Our land is rich with talent. But bear in mind, honest people don't have the kind of wealth that would allow them to create major mechanized and automated production. And after all, that's the only kind of production capable of becoming truly efficient. World experience speaks to that. The economic lot of our righteous men are small, quasi-cottage enterprises. In order for those to grow bigger and stronger, they need help from the government, they need large subsidies, and the state, as we know, hasn't a kopek to its name. So there's no reason to expect that our talented, energetic cocitizens will prove models for the quick development of modern technology. More likely their enterprises will be swallowed up by the Soviet bourgeois, who have already learned how to do just that. Look how cleverly the "shadow operators" got their hands on some of the cooperatives.

[RABOCHAYA TRIBUNA] But the experience of the United States, Great Britain, West Germany, Sweden, South Korea, finally . . .

[Sergeyev] Let's sort this out. Truth is always concrete. Let's take two countries, the United States and Peru. Why Peru? I was simply there recently. The country cannot tear itself out of the clutches of poverty and hunger. In the cities there are crowds of people begging. Eighty-five per cent of school-age children are not in school. And this is a country of classic capitalism. Unlike Peru, the United States is flourishing. The highest standard of living, the foundations for which were laid long

ago, when large capital, the most enterprising operators from all over the world poured into the "new world." The States got rich too at the expense of unequivocal exchange with Latin America, Asia, and Africa. A significant portion of the American national income is the result of robbing the Third World, including Peru.

[RABOCHAYA TRIBUNA] And if we were to take West Germany and East Germany...

[Sergeyev] Yes, there is a higher quality of life in West Germany. But the point here is not the merits of the private-property structure existing in West Germany. Here other factors came into play. First, before World War II, the western part of Germany was more developed in the industrial respect than the eastern. Second, after the war the USSR took out a lot by way of reparations from the eastern zone, whereas our allies took out practically nothing from the western zone. Third, American capital rendered West Germany enormous assistance through the Marshall Plan, whereas the USSR was not in a position to render comparable economic assistance: the USSR itself was exhausted by the war. Hence the difference in the development of the two German states.

Comparative analysis could be continued, but already the fact that far from all capitalist countries are prospering speaks for itself. In this country we do not have the kind of conditions necessary for us to flourish under conditions of private property. What would we gain? A narrow group of rich and very rich people would form. It would comprise approximately 2-3 per cent of the population. The lot of the rest is exactly what government economists admit: unemployment, rise in prices, increased property inequality. . . . Does anyone really think that that kind of society would be more socially stable? Look how disgruntled people are over the privileges of the party apparatus. Houses in the country, special food supplies, apartments—all this lies at the center of attention. But let the Soviet bourgeois have their way and you'll see villas compared with which these country houses will look like huts on stilts. Are the people going to be able to look calmly at the luxury of a few of their cocitizens? I doubt it.

[RABOCHAYA TRIBUNA] How then have citizens in the majority of capitalist countries, say, in Europe, reconciled themselves?

[Sergeyev] There's no secret here. I'll tell you about my trip to Sweden. We were able to visit the farm of a large farmer-capitalist. He has ten permanent hired workers and for sowings even more. The production efficiency of his agricultural output is much higher than on the family farms around him. "Why," I ask, "do family farms still make up the foundation of Sweden's agriculture and not large ones like yours?" He answers: "The government provides great financial assistance to family farms. In essence they are the base of the Social Democratic party, which is in power. Without that significant support from

the government, we large farms would have ruined those small fry long ago and created large modern farms."

In many capitalist countries—whichever party is in power—they always create a broad middle stratum of prosperous people with the help of financial subsidy. That is what extinguishes the social dissatisfaction of the lower strata. In our country we have no possibility of creating any broad middle class through subsidies—we have nothing to subsidize them with.

INDUSTRIAL DEVELOPMENT, PERFORMANCE

Minister Notes Shortfall in Steel Production

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in Russian 25 Nov 90 p 1

[Interview with V.S. Fedoseyev, deputy USSR minister of metallurgy, by TASS correspondent R. Akhmetov; place and date not given: "Not for Those Abroad"]

[Text] Deputy USSR Minister of Metallurgy V.S. Fedoseyev said: "In October, the metallurgists failed to fulfill the plan of steel production for the first time in the last 20 years. There was a shortfall of 726,000 tons. This is the equivalent of annual metal consumption by a large machine-building plant, such as the Minsk Tractor Plant.

[Akhmetov] Why did this disruption occur in the industry?

[Fedoseyev] There is a catastrophic shortage of scrap metal.

[Akhmetov] What is the explanation for this deteriorating situation with scrap metal collection?

[Fedoseyev] The administrative command methods of procuring scrap metal have become obsolete, whereas a new system has not been created. The issues of price setting have not been resolved. The situation is such that proceeds from the contribution of scrap metal do not offset outlays for procuring it for an overwhelming majority of enterprises.

Transactions by speculators are another cause of the shortage of scrap metal. Many enterprises do not wish to turn it in to the Vtormet [State Trust for Metals Procurement and Processing] but instead strive to generate hard currency by means of this. Some of the associations and cooperatives purchase scrap metal from enterprises instead of collecting it, as their charters stipulate, generating 30-fold profits in the process.

The well-known Soviet-German company BURDA Moden purchased 20,000 tons of secondary metal, delivered them to the port of Taganrog, and attempted to ship them abroad. By what right? After all, the company is not licensed to export this type of raw materials. Who gave them cars? Who provided the piers of the port for

unloading them? At the same time, the Taganrog Metallurgical Plant was failing to meet the plan of producing drill pipes for the oil industry due to a lack of scrap metal.

Unfortunately, there have been many such cases. Hundreds of organizations, oblast executive committees, and Councils of Ministers of Union and autonomous republics have approached us requesting licenses to sell secondary metals abroad in the current year alone. In total, they intended to export from our country 4.3 million tons of ferrous metal scrap and almost 200,000 tons of nonferrous metal waste.

[Akhmetov] Where do you see a way out of this situation?

[Fedoseyev] For the most part, the Vtormet system should assume responsibility for procuring scrap metal inside the country. To this end, it should be given specialized motor vehicles, mobile scrap-processing equipment, and cadres. In the process, procurement agents should have an economic interest in the results of their work.

1990 Economic Performance Analyzed

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in Russian No 10, Oct 90 pp 30-39

[Article by Candidate of Economic Sciences M. Karpunin: "The Socioeconomic Situation in 1990"]

[Text] The processes taking place today in the national economy are being assessed in various forums as crisis processes. For example, the 28th CPSU Congress resolution: "On CPSU Policy in Effecting Economic Reform and the Switch to Market Relations" notes that the situation in the national economy is deteriorating and that the population's standard of living is falling. The structure of production is being reorganized only slowly, output of consumer goods and services still trails behind the increase in monetary incomes, losses of working time and of material resources still remain high, and the economy remains unreceptive to the current achievements of scientific and technical progress. The collapse of the consumer market is a concentrated expression of crisis phenomena. The resolution reveals the main causes of the crisis in the economy. Among others, it names deformation of socialist production relations, alienation of the worker from ownership and management, monopolism and the lack of market evaluations of the results of labor, and the failure of control in the national economy. It also states that the disproportions formed earlier in the national economy, costs and spending beyond society's means, primarily for defense, preservation of the spending mechanism in management, and sluggishness and miscalculations in effecting radical reform are lowering production efficiency.

It is not hard to be convinced that the roots of today's difficulties can be seen mainly in past defects in the

functioning of our economy. But this is no new discovery. We can read of these defects in party documents five years old—the materials of the CPSU Central Committee April (1985) Plenum, the June (1985) Conference on Questions of Scientific and Technical Progress, the 27th CPSU Congress. And at that time ways were also determined for dealing with the lagging of the country's economy. This was expressed in concentrated form in the Main Directions for the Economic and Social Development of the USSR for 1985-1990 and the Period Through the Year 2000. The aim of the next three five-year plans was set forth very clearly: steady improvement in the material and cultural living standards of the population and more emphasis on the social aspect in development of the economy. To reach this goal, provision was made for the preferential production of national, social, and cultural boons and improvement in the structure of consumption, all based on implementation of the Food Program and the Comprehensive Program for the Development of Consumer Goods and Services, and reducing the role of manual labor and enhancing the prestige of highly skilled labor and professional skills among workers and specialists, providing virtually every family with its own separate apartment or individual house, and accelerating growth in social consumption funds to develop social security, education, and public health, and improving rest and leisure conditions for the workers.

A concept was also worked out for resolving these tasks, which consisted of accelerating the country's socioeconomic development. The main components of this acceleration were defined, along with the priority and long-term factors for insuring it. It was proposed over a 15-year period to effect qualitative transformations in all aspects of life in Soviet society: radical renewal of its material-technical base on the basis of the achievements of the scientific and technical revolution, reshaping structural and investment policy, improving the entire system of social relations, with priority given to radical reform of the economic mechanism, and really including the human factor on the basis of new motivations for labor.

The main plan was the task of intensifying production on the basis of scientific and technical progress, which was to impart dynamism to the development of production forces and provide a new quality in economic growth, primarily by altering the sources used to satisfy demand for resources by means of saving those resources and making more rational use of them instead of further building up production.

Today, with hindsight, some economists are saying that the course toward acceleration was wrong, and they support their claim by saying that it is impossible to build up the rates of economic development and simultaneously engage in a restructuring of the material-technical base for production and reform the system of economic relations.

We think that these claims are at least unsubstantiated. The history of mankind's development, our own experience, and the major unutilized reserves in the Soviet economy confirm the possibility of realizing the proposed concept. Here, agreeing strategy and tactics in the organization of economic life is of decisive importance. But five years ago, acceleration was regarded precisely as the strategic course. The 12th Five-Year Plan was assigned the role of a springboard. In the projections for 1986-1990 attention was focused on restructuring the economic mechanism and creating the basic groundwork for renewal of the material-technical base in most sectors of the national economy on the basis of preferential development of machine tool building. We can see this in particular in the parameters of the targets for 1986-1990 for main indicators. Hopes were not placed in some

economic miracle. Thus, national income growth rates and volumes of industrial output planned for 1986-1990 differed little from the results achieved during the 10th Five-Year Plan, the lowest of all the postwar five-year plans (except for the 11th).

The indicators for economic growth achieved in 1988 do not make it possible to confirm the correctness of those who believe it is impossible to achieve high production rates with simultaneous reconstruction of production and economic reform. In terms of most indicators, national economic development rates were not only higher than the preceding two years of the 12th Five-Year Plan, but also the average annual figures for the two preceding five-year plans. But in 1989, and particularly 1990, the picture changed sharply. The accumulation of negative process assumed a threatening character (see table below)

Growth (given as percentage)			
Indicator	1988	1989	First Half of 1990
National income produced	4.4	2.4	-2.0
Social labor productivity	4.8	2.3	-1.5
Industrial output	3.9	1.7	-0.7
Agricultural output	1.7	1.0	-1.9
Capital investments	6.2	0.6	-7.0
Freight carried by general purpose transport	1.3	-2.0	-5.0
Profit for the national economy	12.3	6.3	-6.7

Attention must be drawn to the fact that during the first three years of the present five-year plan the attention of both state organs and the primary wings of the national economy was focused simultaneously on the development of production forces by using the opportunities offered by scientific and technical progress, and on improving production relations as the result of changes in management methods and the management system, and on development of the social sphere. But on 1 January 1989, enterprises in all sectors of the national economy switched to the so-called principles of self-financing, under conditions in which no mechanism had yet been formed for them to function. The measures envisaged in the well-known package of CPSU Central Committee and USSR Council of Ministers resolution adopted in July 1987, for restructuring the activity of central, republic, and local management organs, were just announced, but not brought to their logical conclusion. This also applies to perestroika in planning, and to changes in the material-technical supply system, and to price reform and radical transformation of the nature of activity by sector ministries and republic wings of economic management, and also to a number of other components (tax policy, credit policy, and so forth) of the economic mechanism. Earlier administrative methods used to influence the economy lost their force, but the new ones—economic methods—had not yet started to operate.

A paradoxical situation developed in which even maintaining the economic ties already in place, not to mention the physical-material and value proportions set for

the five-year plan, was no longer a matter of economic obligation for most enterprises. The country entered a period of economic anarchy, whose destructive, devastating force immediately made itself felt, particularly with respect to the disproportionate rise in incomes vis-a-vis labor efficiency. The distressing state of the national economy, which had been preceded by the period in which perestroika was initiated and was also expressed in a sharp decline in growth rates, deterioration in the entire set of qualitative indicators, insusceptibility to scientific and technical innovations, a slowing in the growth rate for standard of living, and difficulties with food, housing, and consumer goods and services, became even worse.

Despite some advance in the spheres of the economy in which the state management organs tried somehow to maintain their influence (development of the social sphere, housing construction, building up the production of consumer goods, maintaining the volumes in retail trade at the planned level, moving to effect conversion in the defense industry), in most sectors of the national economy the situation deteriorated rapidly. A decline started in the physical volumes of oil, coal, and machine tool output and of many other kinds of output, including (and this is particularly alarming) foodstuffs. There were shortages of almost all articles categorized as consumer goods. Prices rose, the value of the ruble fell, and finances and monetary circulation fell into disarray.

More than 100 cities were declared zones of ecological disaster. The number of bottlenecks in the economy grew.

The problems of the initial state that had served as the fundamental reasons for cardinal economic reform, became even more pronounced. It is precisely these problems that determine the immediate essential nature of the socioeconomic situation that has taken shape in the country, and they reflect pivotal economic tasks that require an immediate solution. In our view, the chief of them are the imbalance in the consumer market, the country's unsatisfactory financial condition, the outdated structure of social production and the investment policy serving it, the backwardness in productive use of the possibilities of science and new technology as applied primarily to the expenditure of resources, and the lower level of discipline.

The Condition of the Consumer Market.

If we take a look at the dynamic of the processes associated with supplying the consumer market during the 12th Five-Year Plan, disregarding the shifts in the public's effective demand, it can be considered relatively favorable.

During the first half of 1990, of the 70 kinds of consumer goods considered on periodic accounting, for 52 of them output increased compared with the first half of the preceding year. Output of foodstuffs increased 1.7 percent, of light industry goods 2.5 percent, and of other nonfood goods 14.3 percent. Most (75 percent) of the significant growth in retail turnover was provided by supplies of real goods, first and foremost nonfood goods. Sales of those goods increased almost 20 percent, including an increase in sales of soap and detergents by a factor of 1.3 to 1.5, of hosiery goods by 30 percent, of leather footwear by 20 percent, of tape recorders, cameras, motorcycles, motorized bicycles, clothing, linen, and knitted articles by 12 to 17 percent, of watches, washing machines and electric vacuum cleaners by 8 to 11 percent, and so forth. These figures were not so typical of foodstuffs, but even 2 percent more of them were supplied to trade.

At the same time the situation in the consumer market remains critical. Demand is not being satisfied for virtually all foodstuffs. Along with this, consumer demand for complicated technical goods such as television sets, refrigerators, sewing machines and washing machines, means of transport, furniture, tableware, and light industry goods is not being met. There are still acute shortages of almost all kinds of lumber and construction materials. It is estimated that there is a shortfall of R165 billion in satisfying consumer demand. What are the chief reasons for this situation?

It should first of all be noted that the planned volumes of goods are not being produced. Thus, during the first four years of the five-year plan there was a shortfall of 10.9 billion rubles [R] in the trade for foodstuffs with respect to the planned volumes, and the figure for nonfood

goods was R26 billion. Analysis of the USSR State Committee for Statistics figures shows that given the growth rates current during the first half of 1990, when these figures are extrapolated for the entire year, a shortfall of R23 billion against the planned estimates may be expected for consumer goods, spread equally among foodstuffs, light industry goods, and other non-food goods; this will make the situation in the market even more complicated.

Taking advantage of the defects in the economic mechanism, while maintaining and even increasing the output of goods expressed in value terms, many enterprises have cut back on their product mix, trying to achieve a buildup in the volume of output in monetary terms by raising prices. The list of specific goods for which demand is not being satisfied is growing.

In the economy, all processes are interlinked. And it must be seen that the unsatisfied effective demand and growing inflation, as the most generalized characteristics of the condition of the consumer market today, result largely from the uncontrolled rise in the population's monetary incomes. The earlier procedure for controlling monetary income growth was discarded from economic life as an instrument of the old administrative command system. At the same time, several attempts notwithstanding, it was not possible to create a new procedure. Of course, rising monetary incomes were also affected by the planned increases in wage rates and salaries for workers in production and nonproduction sectors, and the implementation of additional (above the five-year plan) measures to raise wages through budget allocations for many categories of workers and to raise pensions and grants in accordance with decisions by state organs.

But the main reason is something else, namely, the massive switch by enterprises and organizations to full cost accounting and self-financing, and the development of the cooperative movement. Taking advantage of loopholes in the new economic mechanism, the extensive use of contract prices, and the new favorable procedure for the distribution of above-plan profit, and a number of other opportunities, enterprises started to increase their incomes and the wages fund out of step with increases in output volumes and labor productivity. For example, in industry, the relationship between wage fund growth and output volume was 0.61 in 1986 and 0.68 in 1987, but in 1988 it was expressed by the magnitude of a factor of 1.6, and in 1990 that factor was 5.8.

As a result, whereas in 1986-1987, the average wage rose 0.65 percent for each 1 percent of improvement in labor productivity in industry, 0.77 percent in construction, and 0.83 percent in railroad transport, in 1988 those figures were 1.7 percent, 1.07 percent, and 2.20 percent respectively. And in 1989, the ratio became worse. Wage growth rates outstripped labor productivity by a factor of three in industry and by a factor of four in construction. In railroad transport, with an improvement of 0.1 percent in labor productivity, wages rose 5 percent. During the first half of 1990, wage growth rates in industry

outstripped labor productivity growth rates by a factor of five, and in the agro-industrial complex by a factor of 10.

Thus, the problem of stabilizing the state of affairs in the consumer market requires the adoption of measures in several directions simultaneously. They include a significant increase in the production of goods and user-fee services and establishing strict economic dependence between wages and labor productivity growth and the quantity and quality of output. It is also necessary to take special steps to tie up that money, which is today's so-called pent-up demand, and to take other practical actions.

Difficulties in Financial Normalization

The condition of a state's finances is yet another clearly expressed sign of the health of the economy. During the years of the 12th Five-Year Plan it has deteriorated catastrophically. Domestic state debt has grown from R141.6 billion in 1985, to R398.2 billion in 1989, and R490 billion by the beginning of the third quarter of 1990. The state budget deficit has increased by a factor of more than five, from R18 billion in 1985 to R91.8 billion in 1989.

Many factors, both objective and subjective, have influenced the disorder in finances. One of them is the falling prices for fuel and energy resources in the world market. Compared to 1985, in 1989, the price of oil had declined 39 percent, and the figures for falling prices for petroleum products and gas were 47 percent and 46 percent respectively. Losses associated with falling prices for fuel and raw material commodities—the basis of our exports—topped R60 billion during the period 1986-1989.

This was reflected as financial difficulties for the state and miscalculations in effecting the reform. The growing budget deficit was caused in no small measure, for example, by the redistribution of profit obtained in the national economy to the enterprises, which contributed to the more than eightfold increase in funds to provide economic incentive for them. And while budget spending in the national economy did not decline, it was not shifted onto the shoulders of the enterprises, but on the contrary, spending was increased.

In 1990, the state's financial condition has in no way improved. The situation is being made more complicated primarily by nonfulfillment of the profit plan by enterprises, and the fewer sources available to replenish income to the state budget. And in this connection, mention must be made of the lower receipts from foreign trade operations as the result of the overall decline in the effectiveness of foreign trade policy because of the lack of major positive changes in the structure of exports, the higher prices for many kinds of things that are traditional imports, and the worsening position with respect to imported goods. We must also take into account the forced reductions in deliveries of particular kinds of fuel

and energy sources for export because of the severe shortages in the domestic market, and for a number of other reasons.

Notwithstanding, there is hope for financial improvement, and it is to be seen in improved production efficiency: increasing output volumes, lowering prime costs, pursuing an active policy in the field of resource conservation, and intensifying the struggle against losses and unproductive spending in the national economy. It is only if the financial market organized within the country assumes a significant increase in the sale of stocks, bonds, treasury and state bonds, and other securities, that it can play its role.

Reform of the banking system and a change in credit policy with the aim of strengthening the effect on the activity of enterprises and organizations to which credit is offered, should be linked to improved production efficiency. It would be possible already this year to at least double the interest rate for bank loans made to enterprises, organizations, and cooperatives primarily for investment, after simultaneously raising the interest rate paid on monies deposited in the banks.

The Danger of Scientific and Technical Regression

In the Main Directions for the Economic and Social Development of the USSR for 1986-1990 and for the Period Through the Year 2000, scientific and technical progress is defined as a main factor in improving production efficiency and renewing the material base for the most important sectors of the national economy. And although in the time that has elapsed in the 12th Five-Year Plan a number of specific steps have been taken in this direction, in general there have been no palpable qualitative advances in the acceleration of scientific and technical progress. The quality and technical level of most of the machines and equipment produced remain low. The proportion of new kinds of goods that are better than any other similar goods produced in the world fell from 16 percent to 5 percent in 1989. The annual volume of new articles has not exceeded the targets set for the 11th Five-Year Plan.

The decline in indicators characterizing the development of scientific and technical progress over the past two years is particularly alarming. Thus, compared to 1988, in 1989, the coefficient of renewal for basic industrial fixed capital, the shift coefficient for the operation of metalworking equipment, and the yield on capital all fell. Both output and the introduction of progressive, highly productive equipment—rotary systems and automatic conveyer lines, numerically controlled metal-working equipment, and flexible production modules—decreased.

In 1990, the situation has become even worse. Of the 398 targets set for state orders for the first half of the year to conduct very important scientific research and work and to fabricate test models and experimental models of fundamentally new kinds of equipment and materials, only 33 have been met. The state order for targets by

volume was fulfilled only 19 percent in the machine-building complex, 28 percent in metallurgy, 24 percent in the chemical and timber complex, 6 percent in the fuel and energy complex, and 23 percent in the agro-industrial complex.

Output renewal during the first half of the year was 9.6 percent against an annual target of 11.7 percent. The proportion of machines, equipment, and instruments automated through the use of microprocessor technology was extremely low in total output (7 percent against the annual target of 25 percent). And cutting back on spending for capital construction for the scientific and testing and experimental base can hardly be considered correct. In machine building, for example, assimilation of assets for its projects amounted only to 37 percent of the annual volume of capital investment allocated for this purpose.

In recent times there has been a sharp contraction in the amount of groundwork done for investigating and fundamental work, and inadequate prerequisites are being created for any buildup of the scientific potential. The main reason for this is the existing economic mechanism, which on the one hand is giving rise in scientific organizations to a desire to make profits immediately, while on the other it is failing to create any interest among client enterprises in providing funding for major promising developments. Scientific organizations, and indeed enterprises also, have a material interest in scientific and technical production that offers a quick return. This all demands changes in the system used to provide incentive for new equipment, in particular in tax and credit policies. It is also obvious that the country will not achieve high rates of scientific and technical development without a well-organized system of state support for basic and applied science. Unconventional approaches require funding and planning for development of the up-to-date equipment and technology that determine the economic lineament of a state. The heart of this should be state, national economic, and scientific and technical programs that realize the priority directions in scientific and technical progress. Without this it will scarcely be possible to insure an equal partnership for the country in the world division of labor.

Deformation of Structural and Investment Policies

Structural reshaping of the economy is called on to play a key role in normalization of the country's economic position, first and foremost in balancing supply and demand in the consumer market, and in improving its financial health. Even today the structure of our national economy is oriented not on the consumer—the individual and the social sphere—but mainly on heavy industry and the defense industry.

The structural reshaping of social production outlined by the 12th Five-Year Plan has not in fact taken place. Production of the means of production in the aggregate social product (Division I) has declined only 1 percent, from 64 percent in 1985, to 63 percent in 1989, while

production of objects of consumption (Division II) has increased from 36 percent to 37 percent. Insignificant changes have occurred in the relationship between finished goods and intermediate goods. Whereas in 1985, the proportion of the former in gross national product was 49.5 percent, in 1989, it reached 50.5 percent.

Of course, it is impossible not to see that certain trends in structural reshaping have been clearly flagged today. The social sphere is being given greater priority. For example, the average annual volume of funding used in 1986-1989, for the construction of housing and other projects in the sociocultural sphere (more than R50 billion) rose 40 percent compared with the preceding five-year plan, and the proportion in the total volume of capital investments rose from 22 percent to 25 percent. First results have been seen from the conversion being effected in the defense industry. The proportion of civilian output in the total volume of output produced by the defense sector complex has started to rise. In 1995, the "defense people" will be giving the "civilians" 60 percent of all the output they produce, instead of the 40 percent in 1989. The revamping of a number of enterprises in the defense industry to produce civilian output is making itself felt. During the first half of 1990, output of nonfood consumer goods in the defense sectors rose 22.5 percent, while their production of technological equipment for light industry, the processing sectors of the agro-industrial complex, and enterprises in trade and public catering increased by a factor of 1.2.

But these are very modest successes. The deep disproportions in our economy and in most of the national economic complexes, and the technical and technological backwardness of a number of sectors and production facilities, particularly those producing goods for consumption, have predetermined the inertia in structural changes during the current five-year plan.

It has not been possible to meet most of the targets for structural reshaping. With preferential growth on the order of a factor of 2.2 or 2.3 planned for output from the processing sectors during the five-year plan compared with the fuel and raw materials sectors, in the last four years this figure has been 1.7. In machine building, real preferential growth compared with overall growth in industrial output has been a factor of 1.3 instead of 1.7 according to the plan. Moreover, according to the USSR State Committee for Statistics figures, growth rates for output of equipment for the oil and chemical industries have fallen by a factor of 1.8 during these four years compared to the 11th Five-Year Plan, and the figure for output of woodworking machines is 1.3. There has been no acceleration in the output of many progressive kinds of equipment and equipment in short supply—foundry-and-press machines, hitched and mounted implements for tractors. The structure of production for structural materials is not improving. Thus, compared with the 11th Five-Year Plan, during the period 1986-1989 average annual growth rates for resins and synthetics and plastics fell by a factor of almost two while growth rates for the production of finished rolled ferrous

metal increased by a factor of 1.6, while steel production remained at its earlier level. The investment sphere is still having a particularly destabilizing effect on the country's economy. The gap between the overall volume of capital investments and the commissioning of fixed capital is more than R40 billion compared with the plan. Each year one in three projects nearing completion is not commissioned at the proper time. Capital investments are being increasingly dissipated and their effectiveness is falling. In construction today there are more than 300,000 projects. The residue remaining from the estimated cost of construction projects that have been started is more than R400 billion, and the average state of readiness is 19 percent. For 1989 alone the average duration of production construction rose 5 percent and was almost three times above normativ. In turn, extending the amount of construction under way has made the problem of providing construction sites with materials insoluble. Last year nine out of 10 construction sites were not provided with bricks, materials, and structural elements according to their needs. During the first four years of the five-year plan uncompleted construction has increased by more than R60 billion and has virtually swallowed up all growth in national income. In 1990, the volume of uncompleted construction is greater than the annual volume of capital investments. Materials worth more than R20 billion and wages to the tune of R12 billion have been withdrawn from circulation because of the uncompleted construction.

The amount of national income (14 percent according to the plan for 1990) for expanded reproduction is assuming dangerous proportions. In conditions in which 40 percent of fixed production capital in the country is totally worn out, the prospect not only for expanded reproduction, but also perhaps even simple reproduction becomes problematical. Thus, even today about 90 percent of all investments allocated for the extractive sectors are just being used to maintain the level of recovery already reached. Agriculture also needs significant capital investments, and, as is known, the population's living standard depends on this sector. Considerable capital investments are needed to assimilate the achievements of scientific and technical progress, resolve growing ecological problems, and develop the sociocultural sphere and highway construction.

In the future, therefore, we shall hardly succeed in getting by without a centralized effect on structural policy and retooling of sectors. Using economic levers, and given the availability of long-term sector programs for reconstruction and retooling, influence can be exerted in the matter of improving the investment structure by means of allocating assets belonging to the enterprises and associations themselves into sectors and production facilities that determine growth in the production of consumer goods and growth in the means of production, in particular in progressive machines and technologies designed to effect a fundamental renewal of the national economy's material-technical base.

Productivity and Standards for Social Labor.

Of late, almost no one has made mention of the words of V.I. Lenin to the effect that labor productivity is ultimately the most important thing, the chief thing essential for the victory of the new social order. But our backwardness vis-a-vis the more developed countries lies precisely in labor productivity. According to the USSR State Committee for Statistics figures for 1988, the level of labor productivity in Soviet industry was 64 percent relative to the same indicator in the United States, while in agriculture the figure was only 16 percent. The sources of such a significant difference are to be found not only in the lower material-technical potential, which determines the capital-labor ratio, but also to a no lesser degree in labor standards and labor discipline, specialists' competence, and the rational use of resources. All kinds of resources in the domestic economy are to some extent used in an unsatisfactory way. Take fixed capital, for example. Since the beginning of the current five-year plan a process of stabilization of output-capital ratio has been seen in industry. In 1989, however, efficiency in the use of fixed capital dropped sharply. Whereas as 1986-1988, the average annual decline in output-capital ratio was 1.2 percent, last year it dropped 3 percent. Because of the drop in output-capital ratio, output worth R28 billion was not produced. It is new capital that is being used in the most unsatisfactory way. A study conducted by the USSR State Committee for Statistics showed that more than two-thirds of the newly commissioned and reconstructed projects reach design output level only three to five years after being brought on line, when the standard is 12 months. The design level of labor productivity and output prime cost is not reached in 50 percent of projects. At the 463 projects examined in 1989 alone, the output shortfall was more than R1.5 billion against the design level.

Neither have there been any significant changes or improvements in the use of material resources—savings of raw materials, fuel and energy, and other implements of labor—during the years of the 12th Five-Year Plan. During 1986-1989, energy intensiveness in national income generated fell 2.4 percent, while metal intensiveness declined 7.2 percent. But the average annual indicators achieved during that period were significantly lower than both the levels envisaged in the five-year plan (1.9 percent and 2.8 percent), and during the 11th Five-Year Plan (0.8 percent and 1.9 percent). Materials intensiveness in national income declined even more slowly—0.3 percent annually. Economic development was taking place through additional production of the main kinds of fuel and raw materials resources, over and above what had been planned at the start of the five-year plan. Many factors are involved in this situation. The shortcomings in resource saving resulted from both the insignificant scales of the introduction progressive technologies and delays in starting up production of up-to-date construction materials, and from direct losses of resources. For example, because of delays in retooling in

ferrous metallurgy, an additional 9 million to 11 million tons of metal are being used each year to produce rolled metal products.

Unproductive spending and losses of material resources are great. In 1989, some 986 enterprises (22 percent of the total number submitting reports) used an extra 456,000 tons, or 1 percent of metal consumed, to produce machine tool and metalworking output. About 30 percent of the overexpenditure of metal was the result of substitution of grade sizes, and one-fifth was because of defective output. If we take all unproductive spending, in this five-year plan it has been more than R25 billion annually (average), which is almost 1.5 times more than in 1985.

The national economy is sustaining major losses because of violations of contract discipline. Last year shortfalls in deliveries under the terms of contracts reached R10.6 billion, exceeding the 1988 level by R2 billion. During the first half of 1990, the volume of shortfalls increased by a factor of 1.5.

Practice this year shows that the development of market relations without proper preparation and the introduction of fundamental legislative enactments aimed at regulating them through taxes, pricing, and the financial-and-credit system, does not strengthen, but rather weakens contract discipline and leads to fractionalization of resources, the development of direct barter in products, and disruption of existing economic links.

In our opinion the hopes associated with some automatic effect from market relations on improvements in production efficiency may turn out to be unrealizable, and assimilation of market relations will take place under the conditions of a destabilized economy. The transitional period is essential, and it will hardly be of short duration. It seems to us vitally important that the resolution of the Second Congress of USSR People's Deputies on carrying through a goal-oriented program of measures to improve the economy and devise economic methods for managing the national economy must certainly be implemented.

Otherwise, many long years filled with major socioeconomic upheavals will be needed to acquire a new set of proportions in a future balanced and efficient economy if we move toward that only through some kind of sense of the market, merely eliminating the disproportions that repeatedly occur.

In our opinion, devising and mastering a mechanism for market relations between management subjects, and improving the mechanism of state management and regulation in the development of the national economy should be done in parallel and in an interlinked manner. In this sense, delay in defining the approaches to and shaping of plans for the country's economic and social development for the 13th Five-Year Plan and for 1991 cannot be considered justified.

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POLICY, ORGANIZATION

RSFSR Enterprise Law Abrogates USSR Law

914A0246A Moscow SOVETSKAYA ROSSIYA
in Russian 26 Dec 90 p 1

[TASS report: "At the RSFSR Supreme Soviet Session. The Road Is Opened for Entrepreneurship"]

[Text] TASS—Immediately after a one-and-a-half-hour debate a law on enterprises and entrepreneurial acts was adopted at the Russian Soviet Federated Socialist Republic [RSFSR] Supreme Soviet session, which on 25 December continued its work at a joint session of the two chambers.

As is emphasized in its preamble, the law defines the general legal, economic, and social foundations for the creation of enterprises under the conditions of diversity in forms of ownership.

The law does not apply to legal entities or associations of legal entities engaged in nonprofit activity. But the document does state that entrepreneurship "for profit" is done "at one's own responsibility and risk."

The Supreme Soviet passed a resolution to bring the law into effect on 1 January 1991, and to abrogate the USSR law "On Enterprises in the USSR" on the territory of the RSFSR, including with respect to enterprises of Union subordination, and also to abrogate certain parts of the USSR laws "On Individual Labor Activity" and "On the Cooperative System."

The Supreme Soviet appointed a chairman for the RSFSR Central Bank. He is the acting chairman of the board of the Russian Federation State Bank, Doctor of Economic Sciences G.G. Matyukhin.

RSFSR Law on Applicability of USSR Personal Income Tax Law in 1991**Text of Law**

914A0232A Moscow SOVETSKAYA ROSSIYA
in Russian 23 Dec 90 Second Edition p 2

[Law of the Russian Soviet Federated Socialist Republic: "On the Procedure for Applying the USSR Law 'Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship' in the Territory of the RSFSR in 1991." Signed by RSFSR Supreme Soviet Chairman B.N. Yeltsin, Moscow, RSFSR House of Soviets, 2 December 1990]

[Text] This Law, based on the Declaration of State Sovereignty of the Russian Soviet Federated Socialist Republic, defines the exceptions and amendments taken into consideration when applying the USSR Law: "Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship" in the RSFSR.

Article 3. Income not subject to taxation**1. Income not subject to taxation includes:**

(c) stipends of students in higher educational institutions, graduate students and interns, students of religious educational institutions and students in middle special and professional-technical educational institutions, granted them by such educational institutions, stipends established by enterprises, organizations and institutions, as well as stipends established from funds indicated in subparagraph (a) of this article;

(g) the income of members of gold prospecting artels obtained from work extracting gold and other precious, rare and semiprecious metals according to a list established by the RSFSR Council of Ministers, as well as for the production of amber and furs;

(n) earnings from state loan bonds of the USSR and RSFSR and lottery winnings;

(o) interest and earnings from deposits in institutions of the USSR State Bank and the RSFSR Central Bank and from state treasury obligations of the USSR and RSFSR;

(u) moneys deposited on citizens' instructions for charitable purposes and to enterprises, institutions and organizations of culture, public education, public health and social welfare which are fully or partially financed from the budget.

Article 4. Tax benefits.**1. Fully exempted from the payment of taxes are:**

(c) citizens, on all types of income not exceeding the average monthly tax-exempt amount of wages and salaries, if such citizens do not have a primary place of employment;

(d) members of peasant farms for five years from the year the peasant farm is formed, on income obtained from this farm;

(e) is not applied on the territory of the RSFSR;

(m) hero mothers, on all income they receive, and parents raising four or more children, on those amounts of their incomes subject to taxation in Chapters II and III of the Law;

(o) men 60 years of age or older and women 55 years of age or older, on all types of income if these citizens' agricultural income is exempt from payment of the agricultural tax;

(p) students of higher educational institutions and of middle educational institutions sent as members of student brigades to work in organizations, institutions and enterprises, formed on the basis of documents of republic, kray, oblast, and Moscow and Leningrad city offices of student brigades and working associations of young people, as well as instructors, employees, graduate students and interns of these educational institutions assigned in the established procedure by the directors of

the student brigades, on wages and other payments received in said organizations for the work performed.

2. The tax total is reduced:

(g) for citizens engaged in all types of activity not prohibited by law who have three or more dependents: by 30 percent on all income they receive;

(h) for single parents with two or more children under 16 years of age: by 30 percent on all income they receive.

4. The Councils of Ministers of the member republics of the RSFSR, ispolkoms of kray and oblast Soviets of People's Deputies, Soviets of People's Deputies of autonomous oblasts and autonomous okrugs, and rayon, city and city rayon Soviets of People's Deputies may exempt individual categories of taxpayers and individual taxpayers from payment of income tax, or lower the amount of the tax.

The ispolkoms of rural and settlement Soviets of People's Deputies may exempt individual taxpayers from payment of income tax in consideration of their material situation, and lower the amount of the tax for individual taxpayers.

Article 7. The categories of the taxpayers and objects of taxation

(d) citizens working in religious organizations, including members of the clergy.

Article 8. Tax rates

On the incomes of wage-earners and salaried employees and of citizens assigned an equivalent tax status, the tax is assessed in the following amounts:

Monthly Income	Amount of Tax	Monthly Income	Amount of Tax
R151	R.20	R176	R10.40
R152	R.50	R177	R10.80
R153	R.90	R178	R11.20
R154	R1.40	R179	R11.60
R155	R2.00	R180	R12.00
R156	R2.40	R181	R12.40
R157	R2.80	R182	R12.80
R158	R3.20	R183	R13.20
R159	R3.60	R184	R13.60
R160	R4.00	R185	R14.00
R161	R4.40	R186	R14.40
R162	R4.80	R187	R14.80
R163	R5.20	R188	R15.20
R164	R5.60	R189	R15.60
R165	R6.00	R190	R16.00
R166	R6.40	R191	R16.40
R167	R6.80	R192	R16.80

Monthly Income	Amount of Tax	Monthly Income	Amount of Tax
R168	R7.20	R193	R17.20
R169	R7.60	R194	R17.60
R170	R8.00	R195	R18.00
R171	R8.40	R196	R18.40
R172	R8.80	R197	R18.80
R173	R9.20	R198	R19.20
R174	R9.60	R199	R19.60
R175	R10.00	R200	R20.00

Monthly Income	Amount of Tax
R201-1000	R20 plus 13 percent of the amount over R200
R1001-1200	R124 plus 15 percent of the amount over R1000
R1201-1400	R154 plus 20 percent of the amount over R1200
R1401-1600	R194 plus 30 percent of the amount over R1400
R1601-3000	R254 plus 40 percent of the amount over R1600
over R3000	R814 plus 50 percent of the amount over R3000

Article 13. Procedure for Withholding the Tax and Making Payments to the Budget

1. The income tax from wages and other incomes in a monetary and natural form stipulated in this chapter of the Law is calculated and withheld by the enterprises, institutions and organizations making such payments.

2. Is not applied on the territory of the RSFSK

3. At the same time that banking institutions receive funds to pay for the amounts due from citizens, the enterprises, institutions and organizations pay the total of the tax due to the budget.

Organizations paying wages out of earnings from the sale of goods and services deposit the tax amounts due in banking institutions on the following day after the wage is paid.

4. It is prohibited to pay citizens' payroll tax from the funds of enterprises, institutions and organizations.

Chapter III

Taxation of Income Received from Performing Contract Work and Other Payments Outside of the Primary Place of Employment

Article 14. Tax Rates

In accordance with the provisions of this chapter of the Law, there are subject to taxation:

(a) wages and other income in a monetary and natural form received from enterprises, institutions, organizations and other juridical persons for work performed in

a secondary skill [po sovmetitel'stvu] and for performing contract and other work outside of one's primary place of employment;

(b) material assistance income, and dividends on shares paid by enterprises, institutions and organizations to citizens not working in them.

Monthly Income	Amount of Tax
R5-15	3 percent of the total
R16-30	0 rubles, 45 kopeks plus 5 percent of the amount over 15 rubles
R31-50	1 ruble, 20 kopeks plus 6 percent of the amount over 30 rubles
R51-70	2 rubles 40 kopeks plus 8 percent of the amount over 50 rubles
R71-100	4 rubles 0 kopeks plus 10 percent of the amount over 70 rubles
R101-1000	7 rubles 0 kopeks plus 13 percent of the amount over 100 rubles
R1001 and above	according to rates set in Article 8 of this Law

Article 15. The Taxation Procedure

Is not applied on the territory of the RSFSR.

Article 16. Taxpayer Categories and Objects of Taxation

The following persons shall pay taxes in the order and amounts established by this chapter of the Law:

(a) authors of works of science, literature and art: on the amounts of the author's remuneration for creation, publication, performance or other use, or for granting the right to use such products;

(b) authors of translations of works of science, literature and art: on the amounts of the author's remuneration;

(c) authors of discoveries, inventions and industrial prototypes: on the amounts of their remuneration;

(d) legal successors and heirs to the authors of works and translations of science, literature and art, discoveries, inventions or industrial prototypes;

(e) citizens performing editing and reviewing of works of science, literature and art: on the amounts of the author's remuneration.

Article 17. Tax Rates

On the amounts of remuneration paid to those listed in Article 16 of this Law (including the heirs of authors whose works, translations, discoveries, inventions or industrial prototypes are being used for the first time), the tax by place of payment during the year is imposed in the following amount:

Annual Income	Amount of Tax
To R180	3 percent of the amount due
R181-360	5 rubles 40 kopeks plus 5 percent of the amount over 180 rubles
R361-600	14 rubles 40 kopeks plus 6 percent of the amount over 360 rubles
R601-840	28 rubles 80 kopeks plus 8 percent of the amount over 600 rubles
R841-1200	48 rubles 0 kopeks plus 10 percent of the amount over 840 rubles
R1201-12000	84 rubles 0 kopeks plus 13 percent of the amount over 1200 rubles
R12001-14400	1488 rubles 0 kopeks plus 15 percent of the amount over 12000 rubles
R14401-16800	1848 rubles 0 kopeks plus 20 percent of the amount over 14400 rubles
R16801-19200	2328 rubles 0 kopeks plus 30 percent of the amount over 16800 rubles
R19201-36000	3048 rubles 0 kopeks plus 40 percent of the amount over 19200 rubles
R36001 and above	9768 rubles 0 kopeks plus 50 percent of the amount over 36000 rubles

These rates are used to impose taxes on citizens selling their own works of painting, sculpture, graphics and other forms of art and decorative-applied art objects to museums and organizations of the art fund, and through sales-exhibitions specially established by enterprises, institutions and organizations, on income received from such organizations or offices, and on income obtained by authors from publication of books at their own expense.

Article 18. The Procedure for Calculating and Paying the Tax

2. In the case of contracts for the creation, publication, performance or other use of works of science, literature and art, the remuneration paid based on such contract in the form of an advance and upon final settlement of the account is totalled and divided up so that taxes shall be paid over the years in which the contract is in effect.

In the absence of such a contract, if the amount of the remuneration for the creation or first edition of a work exceeds 12000 rubles this sum is distributed over three years upon application by the taxpayer.

A similar procedure is applied to the remuneration received by authors of discoveries, inventions and industrial prototypes during the first year of their use.

Chapter V

Taxation of Income from Individual Labor Activity and Other Income

Article 19. Taxpayer Categories and Objects of Taxation

1. Citizens engaged in all types of individual labor and entrepreneurial activity, including contract labor (*trudovoye khozyaystvo*), as well as citizens with incomes not specified in articles 8, 14 and 16 of this Law, shall be liable for taxes in the order and amounts specified in this chapter of the Law.

Annual Income	Amount of Tax
To 12000 rubles	13 percent of total annual income
R12001-14400	R1516 plus 15 percent of the amount over 12000 rubles
R14401-16800	R1920 plus 20 percent of the amount over 14400 rubles
R16801-19200	R2400 plus 30 percent of the amount over 16800 rubles
over R19200	R3120 plus 35 percent of the amount over 19200 rubles

Article 21. The Procedure for Calculating and Paying the Tax

The tax is calculated on the total annual income from all types of individual labor activity and other income not specified in chapters I-IV of this Law.

The tax is collected by tax agencies at the taxpayer's place of permanent residence, or if the activity is performed in another location, by place where the activity is carried out, in which case the tax agency at the taxpayer's place of permanent residence must be informed of the amounts of the income and tax.

2. The tax is paid in the following manner:

(a) in each quarter taxpayers pay 25 percent of the annual total of the tax, calculated from the preceding year's income; taxpayers paying taxes for the first time pay 25 percent of the total calculated for them by tax agencies according to anticipated income for the current year.

If a taxpayer's income significantly increases or decreases during the year, the tax total can be recalculated for future tax payment periods.

(b) at the end of the year, the annual tax total is calculated according to the actually received income, and the difference between this total and that paid during the year shall be either paid by the taxpayers or

2. Taxable income is the difference between gross income (in monetary and natural forms) and documented expenses connected with the earning of the income.

Expenses connected with the earning of the income include material costs, depreciation deductions for full replacement of the basic means of production, rental payments, costs for paying for the labor of citizens concluding a contract for the use of their labor, deductions for state social insurance, payments for mandatory property insurance, interest on short-term bank loans except for interest on overdue and deferred loans, and expenses for all types of repair of basic means of production and other expenses connected with carrying out each specific type of activity.

Article 20. Tax Rates

The tax is imposed on the incomes of citizens engaged in all types of individual labor and entrepreneurial activity in the following amounts:

refunded to them not later than March 15 of the succeeding year; if the sources of income cease to exist, this shall be done within 15 days.

3. Taxation of taxpayers specified in Article 19 of this Law is carried out based on:

(a) taxpayer declarations on income actually received during the year, presented by January 15 of the following year.

If a source of income appears during the year, citizens submit declarations within five days of the end of the month from the day the source of income appears, indicating the amount of the actual income in the first month of activity and the amount of the anticipated income to the end of the current year.

If a source of income ceases to exist, the declaration is submitted within five days from the day it ceases.

(b) results of investigations by tax agencies of the activity of citizens and of others with knowledge of taxpayers' incomes.

4. The tax is paid on the following schedule: by March 15; by May 15; by August 15; and by November 15.

5. The income of each member of a family and of other persons jointly performing work and owning property based on common proportional ownership is defined by agreement among such persons, which shall be indicated in the income declaration submitted to the tax agency.

6. Enterprises, institutions and organizations paying citizens whose incomes are subjected to taxation in accordance with the provisions of this chapter of the Law must withhold the income tax at the place of payment according to the rates stipulated in Article 14 of the Law. Enterprises, institutions and organizations must report on such incomes and amounts of tax withheld each month to the tax agency where they are located. The tax agencies forward this information to tax agencies where the recipients of the income have their permanent place of residence to ensure correct and complete tax payments.

7. The income tax from citizens concluding a contract on the use of their labor in a contract labor firm is withheld when paying wages to such citizens by the member of the contract labor firm concluding the contract. The tax is withheld according to the rates of Article 8 of this Law where those citizens working in a contract labor firm have no place of primary employment, or according to the rates of Article 14 if they have a place of primary employment.

The tax is withheld in the same order and amount from citizens and other persons engaged in individual labor activity.

The tax is paid at the next payment deadline indicated in paragraph 14 of this article.

Article 24. Tax Rates

Is not applied on the territory of the RSFSR.

Article 25. The Procedure for Calculating and Paying the Tax

Is not applied on the territory of the RSFSR.

Article 34. Guidelines on the application of this Law.

Guidelines on the application of this Law are issued by the RSFSR Ministry of Finance in coordination with the RSFSR Ministry of Justice.

Decree on Implementation of Law

914A0232B Moscow SOVETSKAYA ROSSIYA
in Russian 23 Dec 90 p 2

[Decree of the RSFSR Supreme Soviet on implementing the RSFSR Law: "On the Procedure for Applying the USSR Law 'On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship' on the Territory of the RSFSR in 1991" signed by Chairman of the RSFSR Supreme Soviet B.N. Yeltsin, Moscow, RSFSR House of Soviets December 2, 1990.]

[Text] The RSFSR Supreme Soviet decrees:

1. The RSFSR Law "On the Procedure for Applying the USSR Law: 'On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship'" shall go into effect on January 1, 1991.

Wages and other payments connected with the performance of labor obligations, and other taxable income paid after the entry into force of the law for work and other activity performed before January 1, 1991 are subject to income tax in the order and amount in effect prior to January 1, 1991.

All other incomes of citizens are subject to taxation in the order and amounts set by law, regardless of when the income is earned.

2. The RSFSR Supreme Soviet Committee for Legislation shall submit to the RSFSR Supreme Soviet proposals for reconciling RSFSR legislation with the RSFSR Law: "On the Procedure for Applying the USSR Law 'On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship'" as of January 1, 1991.

3. The RSFSR Council of Ministers shall reconcile RSFSR government decisions with said RSFSR Law by January 1, 1991.

4. The RSFSR Council of Ministers shall by April 1, 1991 work out and submit to the RSFSR Supreme Soviet proposals for a draft RSFSR Law on income tax from citizens, providing for taxation of citizens' personal incomes based on full consideration of their overall annual total, expenses for supporting children and dependents, and other socially justified expenses.

5. The RSFSR Ministry of the Press and Public Information shall ensure that the public is extensively informed of the text of the USSR Law, with inclusion and special notation of amendments made to it by the present RSFSR Law.

6. The RSFSR Ministry of Finance, in coordination with the RSFSR Ministry of Justice, shall issue guidelines on the application of this Law by January 1, 1991.

RSFSR Pension Law Explained

914F0079A Moscow ARGUMENTY I FAKTY
in Russian No 49 Dec 90 pp 2-3

[Interview with M. Zakharov, RSFSR people's deputy, member of the RSFSR Supreme Soviet, chairman of the Council of the Republics Commission on Social Policy, and doctor of legal sciences, by V. Romanenko: "Privileges for Everyone"]

[Text] The law "On State Pensions in the RSFSR [Russian Soviet Federated Socialist Republic]" has been adopted. The minimum amount of a pension is 100 rubles [R].

At some point each of us approaches a not very happy retirement age. What awaits us there? We think that it will be interesting for present and future retirees to find out about those changes in the legislation in this area that are related for the most part to an increase in pensions. M. Zakharov, RSFSR people's deputy, member of the RSFSR Supreme Soviet, chairman of the Council of the

Republics Commission on Social Policy, and doctor of legal sciences, answers the questions of our correspondent.

[Romanenko] What caused the Russian parliament to adopt their own pension law?

[Zakharov] There were many reasons. Chief among them were the serious defects in the Union's pension law. The Russian law includes a different ideology and different approaches to the solution of the most critical problems: First and foremost, the level of pension security of those citizens whose wages are relatively low (lower than the average in the country, which includes more than half of the workers) and of their families, and the so-called old retirees (people who began receiving a pension many years ago when wages were extremely low at face value). It consistently applies the principle of social justice and eliminates discriminatory norms in regard to several categories of citizens and privileges in regard to others.

[Romanenko] Where exactly does the more progressive character of the Russian law appear by comparison with the Union law?

[Zakharov] Article 20 of the USSR law: "The minimum amount of a pension for a retiree is established at 100 percent of the minimum wage established by USSR legislation." The minimum wage is now R70 (since 1981).

Article 17 of the RSFSR law: "The minimum amount of a pension for a general work record equal in length to that required for a full pension is established at the level of the minimum subsistence income, which is determined annually by the RSFSR Supreme Soviet. In 1991, it is defined as a total of R100 per month.

"The amount of the pension (the first part of this article) increases by one percent of wage for each year of the general work record over and above that required for a pension, but not by more than 20 percent."

[Romanenko] That is to say that according to the Union law the minimum pension is R70, whereas according to the Republic law it is R100-120 with future annual corrections?

[Zakharov] Yes.

[Romanenko] Many readers are concerned that in accordance with the new law the interests of children and invalids may be harmed.

[Zakharov] According to the Union law, the minimum pension for a Group I disability is R105; for Group II, R70; and for Group III, R35. According to the RSFSR law, the respective amounts are R167, R100, and R50, that is an increase of 59, 43, and 43 percent. According to Union law the minimum pension for children is R35 (with a supplement of R4-7), and according to the RSFSR law—R67, that is to say almost twice as much; for orphans the figures are R70 and R150 respectively.

Here are some quotes from the laws concerning the size of pensions for disability in percentage of wage:

Article 31 of the USSR law: "Pensions for disability are designated in the following amounts: For Group I and II invalids—55 percent of the wage..."

Article 31 of the RSFSR Law: "Pensions (except for pensions for disability as a consequence of military injury) are established in the following amounts: For Group I and II invalids—75 percent of the wage..."

What is better—55 or 75 percent of the wage?

[Romanenko] But what about disabled veterans?

[Zakharov] According to the Union law, the minimum pension for a Group I disability is R175; for Group II, R105; and for Group III, R52.5. According to the RSFSR law, the respective amounts are R367, R300, and R150. The RSFSR law breaks with many years of tradition in our country—of establishing beggarly pensions for crippled soldiers!

[Romanenko] There are many questions about the pensions of working retirees in the mail to the editorial office.

[Zakharov] As my response, I will simply quote the appropriate articles.

Article 24 of the USSR law: "Retirement pensions are paid in full to retirees without taking into account wages received (income) when those retirees are: working as workers and foremen, as well as members of kolkhozes [collective farms] and other cooperatives employed in similar positions; those working in a rural area as school-teachers or teachers in preschool, after-school, and other children's institutions, as medical workers in public health and social security institutions, or as nurses in societies of the USSR Red Cross and Red Crescent; all working retirees who are veterans of a war.

"Pensions are paid in full to other working retirees without taking into account wages received (income) upon condition that a limited-time labor contract is concluded."

Article 22 of the RSFSR law: "Working retirees are paid their pension in full (without bonuses for dependents).

"A bonus is established for working after designation of a pension in the amount of 10 percent of the pension for each year worked (12 full months of work) but not for more than three years of work. A similar bonus is established for work after this law goes into effect for those citizens who, continuing to work, had the right to a pension but did not receive it. In regard to this bonus, the total amount of the pension is not limited."

Working retirees are not paid a bonus for dependents according to either the Union law or the RSFSR law.

In this manner the Russian law, as opposed to the Union law, has stipulated payment of pensions to all working

retirees, eliminated discrimination in regard to teachers, doctors, engineers, technicians, and millions of other Soviet people, and gotten rid of the artificial need to conclude limited-time labor contracts for full payment of a pension.

Several other facts: The RSFSR law establishes payments that are almost twice as high on social pensions and bonuses to pensions—for dependents and for caring for an invalid (compare R35 and R67)—and the pension really is calculated from the actual wage; and not just the wage over a five-year period, but from the wage over the last two years of work (taking into account galloping inflation and a quick growth in the nominal wage in the face of a decline in the population's real income). The work record reflects a longer period for caring for small children (nine years instead of the six that are stipulated by the Union law) as well as work after designation of a pension, etc.

[Romanenko] It is known that there was some difficulty getting this law approved in the parliament of Russia. What troubled your opponents?

[Zakharov] Most of all it was probably the honor of the uniform or the loss of R2 in the amount of the pension if the wage was a high one, and then there was the complete abolishment of personal pensions received for the most part by the party, state, management, and trade union apparatus at all levels.

As for personal pensions, older people who are receiving them should not get worried. The RSFSR law only refers to their future designation. Those pensions that were established prior to 21 November 1990, will be paid until such time as pensions are raised to that level on general principles in accordance with the RSFSR law.

As for the privileges of those personal retirees who are members of the CPSU (and such privileges exist: An annual award of 150 or 200 percent of the pension, trips, also annually, to a good sanatorium, or monetary compensation instead, etc.), they should immediately be abolished.

[Romanenko] When will the law go into effect?

[Zakharov] According to Article 130 of this law, as for pensions for disabled veterans and other veterans (including civilian personnel), the families of soldiers who were lost, and citizens who were unjustifiably persecuted for political motives and subsequently rehabilitated, workers' pensions of minimal amounts, the pensions of children who are orphans, the pensions of those who helped clean up the catastrophe at the Chernobyl nuclear power station, and social pensions, and as for norms not affecting the sizes of pensions and the manner of calculating pensions and wages (Section VII of the law)—beginning 1 March 1991. As for the rest—beginning 1 January 1992. And beginning 1 July 1992, no more than R180 per month will be paid for a pension.

As for the Union pension law, the first stage: 1 October 1990-1 January 1991. Veterans and some other citizens will receive a supplement to their pension. The second stage: 1 January 1991-1 January 1992. Those citizens who have been on a pension for a long time will receive a supplement. However, the upper limit to the pension is R160 instead of the R180 in the Republic law. The Union law goes into effect in full measure only on 1 July 1993—a year later than the Republic law.

Armenian Law on Property

914A0169A Yerevan GOLOS ARMENII in Russian
13 Nov 90 pp 3-4

[Law of the Republic of Armenia adopted by the Supreme Soviet of the Republic of Armenia on 31 October 1990 in Yerevan and signed by L. Ter-Petrosyan, president, and A. Saakyan, secretary, of the Supreme Soviet of the Republic of Armenia]

[Text] The purpose of adopting the Law on Ownership is to create the legal foundations for formation and development of market relations and strengthen the economic system and property relations and develop its various forms before the republic's civil legislation is systematized.

Section 1. General Provisions

Article 1. Legislation on Ownership in the Republic of Armenia

1. This Law establishes the basic provisions and principles of legal regulation of property relations in effect on the territory of the Republic of Armenia until adoption of the new Civil Code.

2. Property relations and powers of owners not regulated by the Law are regulated by the republic's current Civil Code and other legislative and sublegal acts issued in accordance with this Law.

3. Peculiarities of the exercise of the right of ownership to historical and cultural monuments and also relations concerning the creation and use of inventions, discoveries, works of science, literature, and art, and other pieces of intellectual property are regulated by specific legislation of the Republic of Armenia.

Article 2. Right of Ownership in the Republic of Armenia

1. In the Republic of Armenia, the right of ownership is recognized and protected by law.

2. An owner possesses, uses, and disposes of the property belonging to him at his own discretion.

3. An owner has the right to commit any acts with respect to his property that do not contradict the Law.

He may use property to carry on any economic or other activity not prohibited by law.

4. In the cases, under the conditions, and within the limits envisaged by the Law, the obligation may be imposed on an owner to allow restricted use of his property by other persons.

5. Exercise of the right of ownership must not inflict injury on the environment, violate the rights and legitimate interests of individuals, enterprises, institutions, organizations, and the state.

Article 3. An Owner's Use of the Work of Individuals

1. Under the conditions and within the limits envisaged by legislation of the Republic of Armenia, an owner has the right to conclude contracts with individuals concerning use of their labor, including hired labor, in exercise of the right of ownership he possesses.

2. Regardless of the form of ownership which is the basis for using an individual's work, he is guaranteed remuneration of labor and working conditions and also other socioeconomic guarantees envisaged by legislation of the Republic of Armenia.

Article 4. Owners of Property

1. In the Republic of Armenia, the owners of property are the Republic of Armenia, juridical persons and individuals, other states, international organizations, and foreign juridical persons and individuals.

2. Property under the right of common (shared or joint) ownership may belong simultaneously to several persons regardless of the form of ownership.

Article 5. Forms of the Right of Ownership

1. In the Republic of Armenia, ownership takes the form of ownership of individuals, collective ownership, and state ownership.

2. Property owned by individuals, juridical persons, and the state may be merged and mixed forms of ownership formed on that basis, including ownership of joint enterprises in which the Republic of Armenia, its citizens, juridical persons, foreign states, and foreign juridical persons and individuals are participants.

3. Legislative acts of the Republic of Armenia may establish other forms of ownership not envisaged by the present Law.

4. The state creates the necessary conditions for development of all forms of ownership and sees to their protection.

Article 6. Categories of Property

1. In the Republic of Armenia, land, subsurface minerals, water, airspace, flora and fauna, enterprises, organizations, buildings, installations, equipment, physical and intellectual cultural objects, results of intellectual activity, money, securities, and other property may be owned.

2. The results of economic use of property (products and income), unless otherwise envisaged by law or contract, belong to the owner of the property.

3. The republic's Council of Ministers determines the procedure for registration of property rights.

Article 7. Attachment of the Property of an Owner

1. On the basis of the obligations of a juridical person, any property belonging to him with the right of ownership or under his full business control and also operational management may be attached except cases envisaged by the present Law.

2. An owner is not liable for obligations of juridical persons he has created, and they are not liable for obligations of the owner, with the exception of the cases envisaged by legislative acts of the Republic of Armenia.

3. Individuals are liable for their obligations with the property which belongs to them with the right of ownership.

4. The list of the property of individuals which may not be attached on the basis of creditors' claims is established by civil procedural legislation of the Republic of Armenia.

Section II. Ownership by Individuals

Article 8. Basis on Which Ownership by Individuals Comes About

Ownership by individuals is created and augmented through income from work resulting from participation in social production, entrepreneurial activity, the running of the individual's own establishment or collective establishment, and income from resources placed in credit institutions, stock and other securities, acquisition of inherited property, and on other bases permitted by law.

Article 9. Exclusive Right of the Individual To Dispose of His Abilities To Produce and To Create

1. The individual possesses the exclusive right to dispose of his abilities for productive and creative work.

2. The individual exercises his right independently or on the basis of an employment contract.

Article 10. The Individual's Right To Make a Money Contribution or Other Contribution to the Property of an Enterprise or Other Economic Organization

The individual has the right with consent of the owner to make a money contribution or other contribution to the profit of any enterprise, economic organization, peasant farm, or other enterprise based on work and to participate in distribution of the profit (income) of such enterprise (organization) or farm in proportion to the size of his contribution.

Article 11. Granting Ownership of Land to Individuals

1. Land is granted to individuals of the Republic of Armenia with the right of ownership to run a peasant farm, to raise fruit and vegetables, for construction of and service to residential dwellings, and also to meet other needs envisaged by law.

2. The procedure and conditions for the granting of land to individuals with the right of ownership are defined by the land code of the Republic of Armenia.

Article 12. Categories of Property of Individuals

1. Individuals may own enterprises for production and nonproduction purposes, organizations, buildings, structures, installations, other real estate, land, transportation equipment with the exception of property categories enumerated in Section IV of this Law, dwellings, weekend cottages, and garden houses with adjoining land, a plot of land and plantings on the plot of land, money, stock, and other securities, household objects and personal effects, production equipment for private farming, fruitgrowing, market gardening, self-employment or other economic activity, the products produced and income derived, the result produced but not sold, work in process, and other property for production or consumption.

2. A member of a housing cooperative, housing construction cooperative, garage cooperative, or other cooperative who has paid in full his share for the apartment, weekend cottage, garage, other structure, or space granted to him for use acquires the right of ownership of that property.

The renter of residential space in a building of the state and public housing stock or members of his family have the right to purchase the relevant apartment or dwelling from the owner.

3. The property of individuals running an establishment based on work, including the products produced and income derived, is the common shared property of the person carrying on the joint business and is regulated by Article 118 and Articles 119-123 of the republic's Civil Code unless contracts concluded between them provide otherwise.

4. The composition and value of property acquired by an individual out of profit realized from use of his income, savings, hired labor, or on other bases permitted by law are not restricted.

5. The Law may establish the types of property which may not be owned by individuals.

Article 13. Categories of Property of a Peasant Farm

1. A peasant farm may own dwellings, farm buildings, plots of land and plantings on the plot of land, productive livestock and draft animals, poultry, agricultural equipment and implements, vehicles and other property

for carrying on independent agricultural production and processing and marketing products.

The products produced and income derived are the property of the peasant farm, and it uses them at its own discretion.

2. The property of the peasant farm belongs to its members with the right of common joint ownership.

3. The peasant farm is formed in the name of the head of the peasant family. The rights of the peasant farm are recognized on the basis of the state document made out in his name and issued by ispolkoms of the village, settlement, or city soviet of people's deputies, which states the place where it is located, the location and size of plots of land the farm possesses, and their assessment in the land records. The members of the peasant farm possess, use, and dispose of the property of the peasant farm, including agricultural products, at their own discretion according to the procedure established by Articles 128-134 of the republic's Civil Code.

4. The rules contained in this article also apply to the property of a subsidiary farm of individuals and a kolkhoz household.

Section III. Collective Ownership**Article 14. General Provisions Concerning Collective Ownership**

1. Collective ownership is recognized to be the ownership of collective enterprises, collective peasant farms, cooperatives, joint stock companies, business companies and partnerships, business associations, public organizations, and other associations which are juridical persons.

2. The formation and enlargement of collective ownership results from the transfer of state enterprises to ownership or leasing by work collectives, from offering work collectives the opportunity to use the income they realize to purchase state property, from the transformation of state enterprises as joint stock companies, and from the voluntary pooling of the property of individuals and juridical persons to create cooperatives, joint stock companies, and other business companies and associations.

Article 15. Ownership of the Collective Enterprise

1. Ownership of a collective enterprise arises in the case when all the property of a state enterprise passes over to the ownership of the work collective, when existing state enterprises are denationalized, when leased property is purchased, or when property is acquired by other methods envisaged by law.

2. The property of the collective enterprise, including products produced and income realized, is the common property of its collective.

Article 16. Contribution of the Workers of the Collective Enterprise to Its Property and the Size of the Contribution

1. Within the property of the collective enterprise, the contributions of its workers are determined. That contribution consists of the charter contribution attributed to members of the work collective as a consequence of denationalization of state enterprises, the total amount of the worker's contribution in the property of the state or leased enterprise which is the basis for formation of the collective enterprise, and also the worker's contribution to the growth of the property of that enterprise following its creation.

2. The procedure for the formation and possession of the charter contribution attributed to the member of the work collective as a result of denationalization of state enterprises is determined by legislation of the Republic of Armenia.

Article 17. Payment of the Value of the Contribution to the Worker Who Terminates Employment Relations With the Enterprise

The value of the contribution is paid to a worker who terminates employment relations with the enterprise and also to the heirs of a deceased worker.

Article 18. Payment of the Value of the Contribution to Workers When a Collective Enterprise Is Liquidated

When a collective enterprise is liquidated, the value of the contribution is paid to workers (or their heirs) from the property remaining after settlement with the budget, banks, and other creditors of the enterprise.

Article 19. Property of a Leased Enterprise

The property of a leased enterprise consists of the products produced, the income realized, and other property acquired from the resources of that enterprise.

The procedure and conditions for participation of the members of the work collective of a leased enterprise in management of its affairs and distribution of its profit (income) are defined by the Law of the Republic of Armenia on Leasing.

Article 20. Ownership of a Collective Peasant Farm

1. The ownership of a collective peasant farm arises on the basis of existing sovkhozes and kolkhozes or through the pooling of the property of peasant farms on voluntary principles.

2. A collective peasant farm may own plots of land and plantings, productive livestock and draft animals, poultry, agricultural equipment and implements, facilities for processing agricultural raw materials and other production facilities, vehicles, and also other property necessary to operate the collective farm.

The products produced and income realized are the common property of the collective peasant farm and are used according to the procedure defined by the farm's bylaws.

3. The member of a collective peasant farm may terminate his membership at his own discretion and leave the farm, whereupon he gets back his share of the land and other contributions in the collective farm unless legislation of the Republic of Armenia provides otherwise.

4. The procedure for joining a collective peasant farm is defined by the bylaws of that farm.

Article 21. Property of a Cooperative

The property of a cooperative consists of the money contributions and other contributions of property of its members and also nonproperty contributions, products they have produced, income realized from their sale and from other activity envisaged by the cooperative's bylaws.

Article 22. Distribution of a Cooperative's Property When It Is Liquidated

When a cooperative is liquidated, the property remaining after settlement with the budget, banks, and other creditors is distributed among the cooperative's members.

Article 23. Property of a Business Company and Partnership

The property of business companies and partnerships consists of the contributions of the participants, property realized from the business activity and acquired on other bases permitted by law.

Article 24. Participants in a Business Company and Partnership

Individuals, enterprises, institutions, and organizations may be participants in a business company and partnership unless legislation of the Republic of Armenia provides otherwise.

Article 25. Composition of the Contribution of Participants in a Business Company and Partnership

The contribution of participants in a business company and partnership may include fixed and working capital, money resources, securities, and other property.

Article 26. Property of a Joint Stock Company

A joint stock company is the owner of property created from the sale of stock obtained as the result of its business activity and also acquired on other bases permitted by law.

Article 27. Stockholders

Individuals, enterprises, institutions, and organizations of the Republic of Armenia, and also foreign states and foreign juridical persons and individuals may be stockholders.

Article 28. Transformation of a State Enterprise Into a Joint Stock Company

1. By a joint decision of the work collective and the state entity so authorized, a state enterprise may be transformed into a joint stock company through the sale of stock covering the entire value of the enterprise's property. The funds realized from the sale of stock, once the debts of the state enterprise have been covered, go into the appropriate budget.

2. The share of the stock of individual stockholders in a joint stock company is not limited unless the bylaws of the joint stock company provide otherwise.

3. In case of complete or partial transformation of enterprises and organizations which are state property into joint stock companies, as enumerated in Article 34 of this law, the state must hold the controlling block of stock, or a share of at least 51 percent must be envisaged for the state in the total amount of stock.

4. The price of the stock of state joint stock companies is to be published periodically.

Article 29. Ownership of Business Associations

1. A business association of enterprises and organizations (including the concern and the branch, interbranch, and regional association) possesses the right of ownership of property voluntarily transferred to it by the enterprises and organizations and also property realized as a result of its business activity.

2. A business association does not have the right of ownership to the property of the enterprises and organizations making it up.

Article 30. Distribution of Property After Termination of the Activity of a Business Association

Property remaining after termination of the activity of a business association is distributed among the enterprises and organizations making it up.

Article 31. Property of Public Organizations and Foundations

Public organizations, including philanthropic and other public foundations, may own buildings, installations, a housing stock, vehicles, equipment, money, stock, other securities, and the property necessary for material support of its activity as envisaged by their bylaws (regulations). The property of public organizations (foundations) may also include enterprises created in accordance with the purposes stated in their bylaws (regulations) out of the resources of those organizations (foundations).

Article 32. Use of Property After Liquidation of a Public Organization (Foundation)

Property remaining after liquidation of a public organization (foundation) is used for the purposes envisaged by its charter (regulation) unless legislation of the Republic of Armenia provides otherwise.

Article 33. Property of Religious Organizations

The property of religious organizations may include buildings, religious articles, facilities for production, social welfare, and philanthropic purposes, money, and other property necessary to support their activity.

Religious organizations have the right to own property acquired and created either with financing of their own resources and donations of individuals and organizations or created by the state, and also acquired on other grounds envisaged by law.

Section IV. State Ownership of the Republic of Armenia**Article 34. Composition of the State Property of the Republic of Armenia**

The state property of the Republic of Armenia consists of republic property and the property of administrative-territorial structures.

Article 35. Republic Ownership

Complete or partial republic ownership extends over the property of the bodies of government and administrative agencies of the republic, trunk pipelines of republic importance, energy systems, communications and information systems, transportation, land (unless assigned to holders of the right of nonstate ownership) and other natural resources, the mineral and raw materials industry, other elements of the production infrastructure, the property of the armed forces, facilities of importance to defense, large reservoirs and irrigation and drainage installations, cultural and historical monuments, the resources of republic budgets, state banks, enterprises, organizations, the republic's insurance funds, reserve funds, and other funds, economic complexes, facilities in the social and cultural sphere, and other property.

Article 36. Ownership of Administrative-Territorial Structures

The property of bodies of government and administrative agencies of the administrative-territorial structure, resources of the local budget, the housing stock and residential municipal service operations of local soviets of people's deputies, and also enterprises in the sectors of agriculture, trade, everyday services, transportation, industry and construction, and other enterprises and complexes, institutions in the systems of education, culture, and health care, and other property are recognized as the property of the administrative-territorial structure.

Article 37. Disposition and Management of State Property

State property is disposed of and managed in the name of the people (the population of the administrative-territorial structure) by the appropriate soviets of people's deputies and the state authorities they authorize (executive committees).

Article 38. Assignment of Property Created or Acquired From the Budget or Other Resources to Republic of Local Ownership

Property created or acquired with budget resources or other resources of the Republic of Armenia and the administrative-territorial structure or resources of enterprises, organizations, and institutions under their jurisdiction is assigned to republic ownership or ownership of the administrative-territorial structure respectively, unless law provides otherwise.

Article 39. Delineation of the Liability of the Republic of Armenia and Administrative-Territorial Structures

The Republic of Armenia and administrative-territorial structures are not liable for each other's debts.

Article 40. Ownership of Land and Other Natural Resources

Land and other natural resources are the national wealth of the republic and the property of its people. Natural resources are made available for use, but land is also granted on the basis of ownership.

On its territory, the Republic of Armenia possesses, uses, and disposes of land and other natural resources in the interests of its population.

Article 41. The Procedure for the Use and Disposition of Water and Other Natural Resources on the Border Territory of the Republic of Armenia and Neighboring States

The use and disposition of water and other natural resources in the border territory of the Republic of Armenia and neighboring states are subject to agreement between the Republic of Armenia and those states.

Article 42. The Granting of Land and Other Natural Resources of the Republic of Armenia to Other States for Their Use

Land and other natural resources of the Republic of Armenia may be turned over to other states for their use by decision of the Supreme Soviet of the Republic of Armenia or in accordance with procedure it establishes.

Article 43. The Republic of Armenia's Possession, Use, and Disposition of Plots of Land and Other Natural Resources in Other States

The Republic of Armenia's possession, use, and disposition of land and other natural resources in other states are based on the legislative acts of those states and intergovernmental agreements.

Article 44. Settlement of Disputes Between Other States and the Republic of Armenia in Connection With the Granting and Use of Land and Other Natural Resources

Disputes arising between other states and the Republic of Armenia in connection with the granting and use of land and other natural resources are settled by third-party arbitration or according to some other procedure established by law.

Article 45. Property Located Outside the Territory of the Republic of Armenia

The conditions concerning the possession, use, and disposition of the property of individuals, collective and state property located outside the territory of the Republic of Armenia are defined by the normative acts of the state or autonomous structure on whose territory the property is located, as well as by intergovernmental agreements.

Article 46. Property of Other States, International Organizations, and Foreign Juridical Persons and Individuals in the Republic of Armenia

On the territory of the Republic of Armenia, there may be facilities for production, economic, social, and cultural purposes, enterprises and organizations constituting the property of other states, international organizations, foreign juridical persons and individuals, activated on the territory of the Republic of Armenia with resources indicated by the owner after the present Law takes effect, on the basis of legislative acts of the Republic of Armenia.

Article 47. The Right of Full or Partial Business Management of the Property of a State Enterprise

A state enterprise has the right of full or partial business management over property that is owned by the state and has been assigned to it.

Article 48. Possession, Use, and Disposition of the Property of a State Enterprise

In exercising the right of full or partial business management of the property assigned to it, the enterprise possesses, uses, and disposes of it at its own discretion, and it commits any acts concerning it which are not contrary to law. The rules concerning the right of ownership apply to the right of full business management unless legislative acts of the Republic of Armenia provide otherwise.

Article 49. Powers of the Bodies of the State in Management of State Property

Bodies of the state empowered to manage state property decide questions of creation of an enterprise and definition of the purposes of its activity, its reorganization, and liquidation, they monitor the efficiency with which the state property entrusted to it is used, and they exercise other authorities in accordance with legislative acts of the Republic of Armenia concerning the enterprise.

Article 50. Transfer of an Enterprise to the Work Collective Following Reorganization or Liquidation

If the body of the state authorized to manage state property decides on reorganization or liquidation of a state enterprise or declares it to be an insolvent (bankrupt) enterprise, it may be leased to the collective or transformed into another enterprise based on collective ownership, sold, put up for auction for sale to private individuals, collectives, and other state bodies.

In case of reorganization or liquidation or declaration of an enterprise's bankruptcy, the collective of the enterprise has the prior right to leasing it or acquiring its ownership.

Article 51. Settlement of Disputes Between the Body of the State and the Enterprise's Work Collective

In the cases envisaged by Article 49 of this Law, disputes arising between the body of the state and the work collective are settled by state arbitration.

Article 52. Operational Management of the Property of a State Enterprise

Property which is owned by the state and assigned by the owner to a state institution (organization) financed from the state budget is subject to the operational management of that institution (organization).

Article 53. The Right of a State Institution To Independently Dispose of Income From Business Activity

State institutions (organizations) financed from the state budget, which may carry on business activity in the cases envisaged by legislative acts of the Republic of Armenia, acquire the right to partial distribution of income from such activity and the property acquired from such income according to the procedure established by law and the Government of the Republic of Armenia.

Article 54. Liability of a State Institution (Organization) for Its Obligations

A state institution (organization) is liable for its obligations to the extent of the resources at its disposition. If a state institution (organization) does not possess sufficient resources, the owner of the property in question is liable for its obligations.

Section V. Ownership by Joint Enterprises, Foreign Individuals and Juridical Persons, Foreign States and International Organizations**Article 55. Ownership by Joint Enterprises**

Joint enterprises involving participation of individuals and juridical persons of the Republic of Armenia and foreign individuals and juridical persons are created on the territory of the Republic of Armenia in the form of joint stock companies, business companies and partnerships, and they may own property necessary to carry on the activity envisaged by the articles of incorporation.

Article 56. Ownership by Foreign Individuals

The provisions of this Law pertaining to the ownership by individuals of the Republic of Armenia also apply to the property of foreign individuals located in the Republic of Armenia. Foreign individuals may not own land.

Article 57. Ownership by Foreign Juridical Persons

Foreign juridical persons have the right to own in the Republic of Armenia industrial and other enterprises, buildings, installations, and other property for the purposes of carrying on their business and other activity according to the procedure established by legislation of the Republic of Armenia.

Article 58. Ownership by Foreign States and International Organizations

Foreign states and international organizations are entitled to own on the territory of the Republic of Armenia property necessary to carry on diplomatic, consular, and other international relations according to the procedure established by international treaties and legislation of the Republic of Armenia.

Section VI. Guarantees and Protection of Property Rights**Article 59. Guarantees of Property Rights**

1. The Republic of Armenia guarantees the stability of property relations established in accordance with this Law.

2. Losses incurred by an owner because of adoption by the Republic of Armenia of legislative acts terminating the right of ownership are reimbursed to the owner in their full amount by decision of a court out of the resources of the republic.

3. Individuals, organizations, and other owners are guaranteed equal conditions for protection of the right of ownership by legislation.

Article 60. Protection of the Interests of an Owner or Termination of His Rights on the Grounds Envisaged by Law

1. Termination of the right of ownership because of a decision to confiscate a piece of land on which are located an owner's dwelling, other structures, installations, or plantings, or in connection with the decision of a body of the state not aimed directly at confiscation of property from the owner, is permitted only in the cases and according to the procedure established by legislative acts of the Republic of Armenia, along with the owner's reimbursement of the full amount of losses incurred by termination of the right of ownership.

2. If the owner does not consent to the decision resulting in termination of the right of ownership, it may not be executed until the dispute is settled by a court, state arbitration, or third-party arbitration. All matters

of compensation of the owner for losses incurred are also decided during deliberation of the dispute.

Article 61. Invalidity of Acts Violating the Rights of Owners

If the powers of an owner and other persons to possess, use, or dispose of property they own are violated because a local body of government or state administrative agency has issued an enactment that is unlawful, that enactment is declared null and void by petition of the owner or other person whose right has been violated.

Losses incurred by individuals, organizations, and other persons because of the issuance of such acts are fully reimbursed out of the resources at the disposition of the relevant body of government or administrative agency.

Armenian SUPSOV Decree on Implementation of Property Law

914A0169B Yerevan GOLOS ARMENII in Russian
13 Nov 90 p 3

[Decree adopted by the ArSSR Supreme Soviet on 31 October 1990 in Yerevan and signed by L. Ter-Petrosyan, president, and A. Saakyan, secretary, of the ArSSR Supreme Soviet: "Decree on Implementing the Law of the Republic of Armenia on Ownership in the Republic of Armenia"]

[Text] The Supreme Soviet of the Republic of Armenia decrees as follows:

1. The Law of the Republic of Armenia on Ownership in the Republic of Armenia takes effect on 1 December 1990.

2. Until such time as the legislation of the Republic of Armenia is brought into conformity with the Law of the Republic of Armenia on Ownership in the Republic of Armenia current republic legislative acts are applied unless they contradict the present law. Decisions of the Government of the Republic of Armenia issued before this Law takes effect on matters which under the law may be regulated only by legislative enactments are effective until adoption of the accompanying legislative acts.

3. The Law of the Republic of Armenia on Ownership in the Republic of Armenia applies to legal relations arising after the Law takes effect, that is, beginning on 1 December 1990.

With respect to legal relations arising before 1 December 1990, the Law of the Republic of Armenia on Ownership in the Republic of Armenia applies to those rights and duties which will arise after the Law takes effect.

The provisions of Article 12, Paragraph 2, of this law extend to legal relations arising both before and after 1 December 1990.

4. The provisions of the Law of the Republic of Armenia on Ownership in the Republic of Armenia

pertaining to state ownership: republic ownership and ownership of administrative-territorial structures, take effect as property is divided between these forms of ownership.

By 1 July 1991, the Council of Ministers of the Republic of Armenia will divide property between republic ownership and ownership of administrative-territorial structures.

It is hereby provided that property will be divided between republic ownership and ownership of administrative-territorial structures according to the procedure established by republic legislative acts on the basis of the principles envisaged by the first and second parts of this point.

5. Cases which the Law of the Republic of Armenia on Ownership in the Republic of Armenia has referred to the jurisdiction of the courts and state arbitration bodies and on which proceedings have not been completed in administrative and other bodies by 1 December 1990 are to be examined by courts and state arbitration bodies in accordance with the established jurisdiction.

6. The rules on protection of ownership rights envisaged by Articles 60 and 61 of the Law of the Republic of Armenia on Ownership in the Republic of Armenia also extend to claims arising before the Law takes effect.

The right of reimbursement of losses incurred by an owner because of adoption of a legislative act terminating the right of ownership, envisaged in Article 59, Paragraph 2, of the Law, is applicable to enactments adopted after the Law takes effect.

7. The Council of Ministers of the Republic of Armenia is ordered by 1 March 1991 to submit drafts of the following for consideration of the Supreme Soviet of the Republic of Armenia:

- legislative acts of the Republic of Armenia regulating relations in the creation and use of inventions and discoveries, works of science, literature, and art, and other pieces of intellectual property;
- a legislative act defining types of property, which on grounds of state and public safety or in accordance with international treaties of the Republic of Armenia may not be owned by individuals;
- legislative acts on joint stock companies and other business companies and partnerships.

By 1 December 1990, it will submit to the Supreme Soviet of the Republic of Armenia proposals for creation of a body of government authorized to manage the property under republic ownership.

By 1 December 1990, it will bring the decisions of the Government of the Republic of Armenia into conformity with the Law of the Republic of Armenia on Ownership in the Republic of Armenia.

By 1 December 1990, it will see that ministries, state committees, and departments of the Republic of

Armenia review and rescind their normative acts, including instructions, that contradict this law.

By 1 December 1990, it will submit to the Supreme Soviet of the Republic of Armenia proposals for bringing legislative acts of the Republic of Armenia into conformity with the Law of the Republic of Armenia on Ownership in the Republic of Armenia.

8. Appropriate changes will be made in the Constitution (Basic Law) of the Republic of Armenia in connection with adoption of the Law of the Republic of Armenia on Ownership in the Republic of Armenia.

Belorussian Draft Law on Leasing

914A0231A Minsk SOVETSKAYA BELORUSSIYA
in Russian 22 Nov 90 pp 2-3

[Text] The present Law regulates the relations which arise in concluding and executing lease agreements on natural resources and property. The law provides for such a restructuring of public relations which would facilitate the creation of capacities for the effective utilization of land and other natural resources and property in the national economy; the increased interest of the labor collectives and individual citizens in developing production and improving product quality, and the most complete satisfaction of the citizens' social and other needs.

Section I. Leasing

Chapter 1. General principles

Article 1. Leasing

Leasing represents contractual reimbursed immediate possession and use of lands, other natural resources, enterprises (associations) and other property complexes, as well as other property necessary for the lessee to perform independent implementation of farming or other activity.

Article 2. Leasing legislation

The relations on leasing, purchase, and noncompensated transfer of state property are regulated by the present Law and other legislative statutes of the Belorussian SSR.

Article 3. Sphere and objects of leasing

Leasing is permitted in all spheres of the national economy and may be used in relation to property held under all forms and types of ownership.

The following may be given for lease:

- 1) lands and other natural resources;
- 2) enterprises (associations), organizations, structural units of associations, production lines, shops, and other subdivisions of enterprises and organizations as singular property complexes of production funds and other assets;

3) individual buildings, structures, equipment, transport means, stock inventory, instruments and other material goods;

4) draft cattle.

The legislation of the USSR and the Belorussian SSR establishes the types (groups) of enterprises (associations), organizations and types of property for which leasing is prohibited.

Article 4. Lessor

The right to give property for lease belongs to the owner, including foreign legal persons and citizens.

Lessors may also be organs and organizations authorized by the owner to offer the property for lease.

In leasing state enterprises (associations), the local Soviets of People's Deputies or organs designated by the Belorussian SSR Supreme Soviet act as the lessors.

When leasing structural units and independent enterprises which are part of production, scientific-production and other associations subject to the Law "On Enterprises in the BSSR", the lessors are the associations to which these units belong. The structural subdivisions have the right to create leasing enterprises and to withdraw from the association.

Leasing of enterprises (associations) and other property complexes, as well as other property relating to communal ownership, is performed by the appropriate Soviets of People's Deputies and their authorized state organs.

Lands and other natural resources are leased by the Soviets of People's Deputies, which under Belorussian SSR legislation have been granted the right to manage the natural resources in question.

Article 5. Lessees

Lessees may be Soviet legal persons and USSR citizens, joint enterprises, international associations and organizations with participation of Soviet and foreign legal persons, as well as foreign states, international organizations, and foreign legal persons and citizens. The order of participation by foreign legal persons and citizens in leasing state property is defined by the Belorussian SSR Law "On Foreign Investments in the BSSR".

Article 6. Lessee associations

Leaseholders have the right to voluntarily form associations, unions, consortia, concerns and other associations, to finance their activity and to freely withdraw from them in accordance with their adopted charters. These associations may include any collectives and citizens, regardless of the forms of ownership in effect in their production. For their part, the lessees [leaseholders] have the right to enter any associations, provided the latter agree to such entry.

Chapter 2. Lease agreement

Article 7. Lease agreement

The principle document regulating the relations between the lessor and the lessee is the lease agreement.

The lease agreement is concluded on the principles of voluntary agreement and full equal rights of the parties.

Lease agreements on land and other natural resources are subject to registration in the order established by Belorussian SSR legislation.

Article 8. Content of lease agreement

The lease agreement specifies:

- the make-up and cost of the property given for lease and the order of its transfer;
- the amount of lease payment and the duration [term] of the lease;
- the definition of responsibilities of the parties for full restoration and repair of the leased property;
- the responsibility of the lessor to hand over the property to the lessee in a condition corresponding to the conditions of the agreement;
- the responsibility of the lessee to use the property in accordance with the conditions of the agreement, to make the lease payments and return the property to the lessor after expiration of the agreement in the condition specified in the agreement;
- the right of the lessee to buy the leased property.

The lease agreement on land and other natural resources also includes the responsibilities of the lessee to ensure rational application of the natural object in accordance with its intended purpose.

The lease agreement separately lists the value and the facilities of state property relating to the nonproductive sphere (housing-communal, social function) which are transferred to the lessee for use on a noncompensated basis. The agreement specifies the lessee's responsibilities in regard to these facilities (their maintenance and capital repair).

The lease agreement may include the lessor's responsibilities for material-technical supply, facilitation in development of production, introduction of scientific-technical achievements and leading technologies, technical re-tooling of production, social development, provision of information, consultative and other aid, facilitation of cadre training, creation of necessary conditions for the effective utilization of the leased property and its maintenance in appropriate condition.

For nonfulfillment or improper fulfillment of the responsibilities specified in the lease agreement, including also for alteration or dissolution of the agreement in a unilateral order, the guilty party bears responsibility as specified by Belorussian USSR legislation and by the agreement.

Article 9. Estimating value of leased property

The value of the property given for lease is determined by a special inventory commission with participation of the lessor and the lessee and based on evaluation of this property at the moment it is given for lease with consideration for actual wear. If the lease agreement places responsibility for full restoration of the leased property on the lessee and if the amortization deductions for this property remain at his disposal, then the value of the leased property remains fixed for the entire duration of the lease. In this case, the lessee independently makes the decision to restore leased property. In transferring amortization deductions on the leased property to the lessor, the surplus value of this property declines annually by the sum of the annual amortization deductions. Upon full amortization of the leased property, the lessee assumes ownership.

Article 10. Estimated service life of property given for lease

The estimated service life of property given for lease is determined by agreement of the parties, but may be no longer than the new full amortization period corresponding to the effective amortization schedules.

Article 11. Lease payment

The lease payment, as a rule, includes the amortization deductions from the cost of the leased fixed capital.

The amount of the amortization deductions included in the lease payment is determined in the lease agreement based on the distribution of responsibilities of the parties on reproduction of the leased property as set forth in the agreement.

The lease payment includes part of the profit (income) which may be obtained from the socially necessary utilization of the leased property (leasing interest rate) determined by the agreement at a level, as a rule, no lower than the bank interest rate computed from the value of the leased property.

In leasing enterprises (associations), buildings and structures, the breakdown of the lease payment may also include payment for land.

In leasing land and other natural resources, amortization deductions are not performed. The lease payment for land and other natural resources is set by agreement of the parties in the order and within the limits determined by Belorussian SSR legislation.

Article 12. Forms of lease payment

The lease payment may be set for all the leased property together or individually for each facility in natural, monetary or mixed forms.

Article 13. Conditions, terms of payment and recomputation schedules for lease payments

The conditions, terms of payment and recomputation schedules of the lease payment are determined by the agreement.

Article 14. Change in amounts of lease payment

The amounts of the lease payment may be changed by agreement of the parties and in the time limits provided by the agreement.

The amounts of the lease payment are subject to unscheduled review upon demand of one of the parties in cases of changes in the centrally established prices and tariffs and in other cases specified by legislative statutes of the USSR and the Belorussian SSR.

The lessee may demand appropriate reduction in the lease payment if, due to circumstances beyond his control, there is a significant deterioration in the property, land, or other natural resources and in the conditions of economic management specified in the agreement.

Article 15. Leasing terms

The leasing terms [durations] are defined by the agreement. In this case, the leasing of lands or other natural resources, enterprises, buildings and structures must bear a long-term character—at least five years or longer. Considering the nature of the property and the purposes of the lease, the agreement may be short-term—up to five years.

Article 16. Consequences of failure to transfer property, land, and other natural resources to the lessee

If the lessor does not hand over to the lessee the property, land or other natural resources which have been leased, the lessee has the right to demand them from him and to demand compensation for the losses inflicted by the delay in the lease execution, or to reject the lease agreement and to seek damages caused by its nonfulfillment.

Article 17. Responsibility of the property owner regarding obligations of the state organ

If the state organ which has leased the property of a state enterprise (structural unit, association) has insufficient funds, on the whole the responsibility for this organ's obligations to the lessee must be assumed by the specific owner of the property in question.

Article 18. Subleasing

With the permission of the lessor, the lessee has the right to sublease the property obtained by agreement, except in cases specified by legislative statutes of the Belorussian SSR.

Chapter 3. Ownership under leasing

Article 19. Right of ownership of the lessor on the leased property

Giving property for lease does not entail transfer of the right of ownership on this property.

Article 20. Lessee's right of ownership on products, income, material and other goods

The lessee owns the products and income obtained by him as a result of utilizing the leased property.

The lessee also owns the material and other goods received and obtained by him according to principles provided by law and not included in the complement of leased property.

Article 21. Lessee's right of ownership on fixed improvements on the leased property

Fixed improvements on the leased property are the property of the lessee, if not otherwise specified in the lease agreement.

Article 22. Lessee's right of reimbursement for value of fixed improvements on the leased property

If the lessee, at his own expense and with permission of the lessor, has made improvements which cannot be removed without damage to the leased property (reconstruction of building or structure, replacement of equipment, etc.) he has the right to be reimbursed for the cost of these improvements after termination of the lease agreement, unless otherwise specified in the agreement. The cost of the fixed improvements performed by the lessee without permission of the lessor, except for land and other natural resources, is not subject to reimbursement.

In leasing an enterprise and other singular property complexes, the lessee has the right to be reimbursed for the cost of fixed improvements on the leased property which he has performed at his own expense, regardless of permission granted by the lessor, unless otherwise stipulated in the agreement.

Article 23. Lessor's right of ownership on improvements performed at the expense of amortization deductions from leased property

Improvements (separable as well as fixed) performed at the expense of amortization deductions from the leased property are the property of the lessor and increase the surplus value of the leased property, with the exception of cases specified in Article 9 of this Law.

Article 24. Reimbursement to the lessor for damage or loss

If the condition of the returned property, land and other natural resources at the conclusion of the agreement is worse than that specified in the agreement, the lessee will reimburse the lessor for the inflicted loss in accordance with effective legislation.

If the property given for lease becomes unworkable prior to the full amortization service life, the lessee must

reimburse the lessor for the unpaid lease payments, as well as other losses in accordance with the effective legislation.

Article 25. Definition of direction of lessee's economic activity

In accordance with the lease agreement, the lessee independently determines the direction of his economic activity and manages his manufactured products and obtained income. The direction of economic activity by the lessee of lands and other natural resources is determined in accordance with their designation of purpose.

After fulfillment of the responsibilities stated in the lease agreement, the lessee exercises complete freedom in his economic management activity. Interference by the lessor in the utilization of the leased property or economic activity of the lessee is not permitted.

Chapter 4. Amendment, dissolution, termination and extension of the lease agreement

Article 26. Amendment in conditions of the lease agreement. Its dissolution, termination and extension

Amendment in the conditions of the lease agreement, its dissolution and termination are allowed upon consent of the parties.

Upon demand of one of the parties, the lease agreement may be dissolved by decision of state arbitration or court in cases of violation of the agreement conditions by one of the parties.

Reorganization of the lessor organization, as well as change in ownership of the leased property, do not constitute grounds for changing the conditions of the agreement or dissolving it.

Upon expiration of the term of the lease agreement, a lessee who has duly fulfilled the responsibilities assumed under the agreement has a first priority right over all other persons to renew the agreement.

In the absence of an announcement by one of the parties regarding termination or change in the agreement, upon expiration of its term the agreement is considered renewed for a like term and under the same conditions which were initially specified. Upon renewal of the agreement for a new term, its conditions may be changed by consent of the parties.

Upon termination of the agreement with a citizen-lessee, the priority right for concluding a lease agreement is given to members of his family who reside and work with him.

In case of the lessee's death, his rights under the lease agreement pass to one of the family members residing and working with him, if this person agrees to become the lessee.

The lessor does not have the right to refuse such a person in assuming the lease for the period remaining under the

effective agreement, with the exception of cases when conclusion of the agreement was determined by the personal qualities of the lessee.

Article 27. Review of disputes arising over fulfillment of the lease agreement

Disputes arising over fulfillment of the lease agreement are reviewed by the State Arbitrator or court in accordance with their jurisdiction.

Chapter 5. Protection of the lessee's property rights

Article 28. Protection of the lessee's right to the leased property

The lessee is provided protection of his right to the leased property equal to protection of the right of ownership.

The lessee may demand return of the leased property from any unlawful ownership, removal of obstacles to its use, and compensation for damages inflicted upon the property by all persons, including the lessor.

Leased property may not be used for payment of penalties incurred as a result of the lessee's debts.

The lessee's property may be confiscated from the lessee only upon decision of the State arbitrator or court.

Article 29. Retention of lease agreement conditions

The conditions of the lease agreement remain in effect for the entire term of the agreement and in cases when, after expiration of the agreement, legislation establishes regulations undermining the position of the lessor.

Section II. Leasing of Enterprises (Associations)

Chapter 6. Creation of the leasing enterprise and its management

Article 30. Formation of a lessee organization

The labor collective of a state enterprise (association) or structural unit of an association (henceforth—state enterprise) has the right to form an organization of lessees as an independent legal person for the purpose of creating a leasing enterprise on its basis.

The decision to form a lessee organization and its management organs is made by the general meeting (conference) of the labor collective, and must be supported by at least a two-thirds vote of its members.

The organization of lessees intended for creating a leasing enterprise on its basis may be formed by a mixed collective which includes workers who are members of the state enterprise labor collective, as well as a group of citizens who have united into a collective for the purpose of leasing. The creation of such a lessee organization is implemented on the basis of a constituent agreement signed by its participants.

Article 31. Order of concluding an agreement for lease of a state enterprise

The lessee organization develops a draft of the lease agreement and forwards it to the state organ empowered to lease the state enterprise. This organ must review the draft agreement within a period of 30 days from the date of its receipt.

Disputes regarding the conclusion of the lease agreement, including those associated with unjustified refusal to lease the enterprise and delays in review of the proposal, are reviewed by the State Arbitrator.

Article 32. Status of the leasing enterprise

The lessee organization attains the status of a leasing enterprise after signing the lease agreement, ratification of the charter by a majority (at least two-thirds vote) of the general assembly (conference) of the labor collective, and acceptance of the enterprise property in the established order.

The leasing enterprise attains the right of a legal person effective on the day of its state registration with the executive committee of the rayon, city, or city rayon Soviet of People's Deputies where the leasing enterprise is located. State registration must be performed no later than 30 days from submission of the application and the necessary documents by the leasing enterprise to the executive committee of the appropriate Soviet of People's Deputies.

State registration may be refused on grounds of violation of the established order of creating the leasing enterprise, as well as for lack of correspondence of the constituent statutes (documents) to the demands of the present Law. State registration may not be refused on the grounds that creation of the leasing enterprise would be inexpedient.

If the state registration is not performed within the established time period, or if it is refused for reasons which the leasing enterprise considers unsubstantiated, [the enterprise] may appeal to the State Arbitrator or court with a request to perform registration.

Upon transfer of a state enterprise (structural unit of an association) for lease to a lessee organization, the said enterprise (structural unit of an association) is liquidated or reorganized in the order established by legislation.

The order of liquidation of a leasing enterprise and utilization of its property is determined by the enterprise charter.

Article 33. Leasing enterprise's retention of the name, state awards, trademark and trade symbol of the state enterprise

The leasing enterprise, at its request, may by decision of the appropriate state organs retain the name, state awards, trademark and trade symbol of the state enterprise which it has leased.

Article 34. Succession of property rights and responsibilities in leasing of enterprises (associations)

The leasing enterprise becomes the successor to property rights and responsibilities of the state enterprise which it has leased, including its rights to use land and other natural resources. The lessor and lessee may assume fully or partially the payment of the enterprise's credit indebtedness.

The lessee assumes the enterprise responsibilities for sale of products (work, services) in the volumes and within the times specified in the enterprise agreements. The lessor transfers to the lessee the material resources or limits (funds) for them, and also takes other necessary measures to ensure the fulfillment of these responsibilities.

Nonfulfillment of responsibilities by the lessor absolves the lessee of corresponding responsibilities.

The leasing enterprise retains the right to centralized capital investments and subsidies in volumes established for the leased state enterprise. The property created at the expense of these funds is state property, and must be included in the list of property given for lease.

Article 35. Rights and responsibilities of the leasing enterprise on participating in socioeconomic development of the territory

The leasing enterprise assumes the leased state enterprise's rights and responsibilities on participating in the socioeconomic development of the territory on which it is located.

Article 36. Interrelations of the leasing enterprise with the lessor regarding the use of fuel and raw material reserves and other questions

The lease agreement defines the interrelations between the lessee and the lessor regarding conditions of use of fuel, raw goods and materials reserves, unfinished and finished products, the distribution of surplus economic incentive funds, the management of the administrative housing fund and its financing, and the distribution of funds obtained from payment of debit indebtedness.

Leasing enterprises may not be forced to lease facilities which they do not need.

Article 37. Management of the leasing enterprise

Management of the leasing enterprise is performed in accordance with its charter.

Article 38. Competition for leasing of enterprises (associations) and their property complexes

The state enterprise (association) or its subdivisions may be offered for lease on a competitive basis.

The competition is announced by the state organ which has the right to lease the said property.

Article 39. Participants in the competition

Labor collectives of state enterprises (associations) or their subdivisions, mixed collectives including workers not employed at the given enterprise or association (subdivision), or groups of citizens united into a collective for the purpose of leasing the said enterprise or association (subdivision) may participate in the competition.

In order to participate in the competition, the indicated collectives form lessee organizations in the order specified in Articles 33-34 and the first part of Article 35 of this Law. Other state enterprises (associations) may also participate in the competition, as well as cooperatives, economic management societies and associations, and public organizations.

Article 40. Priority right to obtain lease on a state enterprise and its subdivision

The priority right to obtain the lease on a state enterprise or its subdivision is given to its labor collectives.

Article 41. Lease of a state enterprise in the case of its reorganization or liquidation

If a state organ empowered to manage state property decides in favor of reorganization or liquidation of the state enterprise, except for cases when it is deemed insolvent (bankrupt), the labor collective has the right to demand transfer of the enterprise to lease or its change-over to a different enterprise based on collective ownership. Disputes arising in such cases between the state organ and the labor collective are settled by the State Arbitrator.

Chapter 7. Economic activity of the leasing enterprise

Article 42. Rights of the leasing enterprise to manage leased property

The leasing enterprise has the right to sell, trade, sub-lease, or give for temporary free use or loan all material goods which are part of the leased property, provided such transfer of property does not violate the lease agreement. The indicated order of management of leased property is not applicable to land and other natural objects.

The leasing enterprise has the right to independently introduce changes in the make-up of the leased property and to perform reconstruction, expansion, or technical retooling which increase its value, unless otherwise specified in the agreement.

Article 43. Utilization of natural resources by the leasing enterprise

The leasing enterprise must exercise possession and utilization of land and other natural resources in accordance with their intended purpose.

The leasing enterprise bears the responsibility established for violating environmental protection legislation.

Article 44. Foreign economic activity of the leasing enterprise

The leasing enterprise implements foreign economic activity in the order established by the effective legislation.

Article 45. Responsibilities of the leasing enterprise on fulfillment of the state order and orders for sale of production

The leasing enterprise, in accordance with the lease agreement, must assume fulfillment of the state order and orders for the sale of products (work, services) in accordance with the established economic relations and in a volume not exceeding corresponding orders undertaken for the lease year.

The lessor may assume the responsibility of obtaining from the lessee the products which he produces

Article 46. Prices on salable products and obtained raw goods and materials

The leasing enterprise sells the products (work, services) which it produces and obtains raw materials and material-technical resources at wholesale, purchase, retail and contract prices.

Article 47. Allocation of funds to the leasing enterprise for expanding production and resolving social problems

The leasing enterprise may be allocated funds for expanding production and solving social problems at the expense of state centralized capital investments and the lessor's funds, as well as credits and advances on commitments to increase output and improve quality of products (work, services).

The lessor may give lease payment incentives to lessees of state enterprises which operate at a loss or have low profitability.

Article 48. Bookkeeping accounting and statistical reporting by the leasing enterprise

The leasing enterprise accounts for the results of its activity and performs bookkeeping and statistical reporting in the order established by the Belorussian SSR law: "On Enterprises in the Belorussian SSR."

Control over the activity of the leasing enterprise is implemented in accordance with this same Law.

Chapter 8. Leasing enterprise finances

Article 49. Financial resources of the leasing enterprise

The financial resources of the leasing enterprise are formulated by means of:

- income from the sale of products (work, services);
- credits;
- funds obtained from the sale of securities;
- other financial means.

Article 50. Distribution and application of income (profit) by the leasing enterprise

The income received by the leasing enterprise is used to repay the material and equated expenditures and the labor wage expenditures, and to pay taxes, lease payments, insurance premiums, payments for natural and labor resources, and interest payments. The remaining profit is at the complete disposal of the leasing enterprise. It independently determines the direction of application of these profits.

Article 51. Issuance of securities by the leasing enterprise and implementation of special purpose loans

In order to mobilize additional financial resources, the leasing enterprise may issue securities and implement special purpose loans in the order established by effective legislation, and it may also act on the securities market.

The members of the leasing enterprise's labor collective have a priority right to obtain securities.

Article 52. Issuance of credit by the leasing enterprise

The leasing enterprise may, at the expense of its own funds, issue credit to other enterprises and organizations on the conditions defined by consent of the parties, including agreement on the interest rates for use of this credit.

Article 53. Writing off monetary funds from the accounts of the leasing enterprise

Writing off monetary funds from the accounts of the leasing enterprise may be performed exclusively at its indication or by decision of the State Arbitrator or court.

Writing off monetary funds from the accounts of the leasing enterprise in an undisputed order is allowed only in cases specified by legislative statutes. If the leasing enterprise disagrees with undisputed writeoff of the monetary funds, it has the right to appeal to the State Arbitrator with a claim for recovery of the sums which have been unjustifiably written off.

Chapter 9. Labor and wages**Article 54. Regulating labor relations between members of the leasing enterprise's labor collective**

The labor relations of members of the leasing enterprise's labor collective are regulated by labor legislation with consideration for the specifics defined by the USSR and union republic Principles of Legislation on Leasing, by the present Law, by the leasing enterprise charter and collective agreements concluded by the labor collective and the enterprise administration.

Labor disputes between members of the leasing enterprise regarding the application of conditions and labor wages are reviewed by its administrative organs. The decisions of these organs may be appealed in court.

Article 55. Legal rights of the leasing enterprise on determining labor conditions of workers

The leasing enterprise independently determines the order of hiring and firing of workers, the forms and system of wages, the work day schedule and work shifts. It also makes decisions on the introduction of summarized accounting of work time, and establishes the order of granting days off and vacations.

The leasing enterprise independently determines the length of annual paid vacations. In this case, their duration may not be less than that established for corresponding categories of workers and employees at state enterprises.

Article 56. Social protection of worker's interests at leasing enterprises

The state provides social protection of the interests of workers at leasing enterprises in accordance with the effective legislation.

The lessor and the appropriate local Soviet of People's Deputies guarantee workers dismissed as a result of leasing of the state enterprise their rights as provided by the effective legislation for workers dismissed due to reorganization or liquidation of a state enterprise.

Article 57. Social development of the leasing enterprise

A vital direction of the leasing enterprise's activity is the implementation of an active social policy. Questions of social development of the leasing enterprise are resolved by general meeting (conference) of the labor collective.

The leasing enterprise performs work on improving labor and living conditions and meeting the interests and needs of the workers and their families, and also gives comprehensive aid in cooperative and individual housing construction and issues loans for these purposes.

The leasing enterprise performs construction of residential houses, children's preschool institutions and other facilities of social function at its own expense, and participates on a share basis in their establishment. It may also lease or obtain such facilities.

The leasing enterprise performs its social activity in close cooperation with the local Soviet of People's Deputies.

Article 58. Deductions by the leasing enterprise to the state social security fund

In accordance with the USSR and union republic Principles of Legislation on Leasing, the leasing enterprise contributes deductions from its income to the state social security fund. These contributions are made in the order and amounts established by Belorussian SSR legislation.

Chapter 10. Property of the leasing enterprise

Article 59. Property of the leasing enterprise

The leasing enterprise owns the product which it has produced, the obtained income and other property obtained from enterprise funds.

Article 60. Contributions of members of the leasing enterprise's labor collective to creation of its property

The property owned by the leasing enterprise on the conditions and in the order specified by its charter is used to determine the amounts of contributions by members of its labor collective to the creation of this property through their personal labor participation, as well as monetary and other property contributions.

Article 61. Order and conditions of dividend payments to members of the leasing enterprise's labor collective

Securities may be issued for the value of a labor collective member's contribution to the property of a leasing enterprise, in accordance with its charter.

Dividends are paid on the above-mentioned securities held by labor collective members in amounts determined by the labor collective and based on the end results of production and the tasks of enterprise development. The real value of securities is paid to their holders in cases specified by the enterprise charter.

The enterprise charter defines the order and conditions of dividend payments to members of the labor collective who have terminated labor relations with it.

Chapter 11. Specifics of creating certain leasing enterprises, leasing of a state enterprise by a cooperative

Article 62. Creation of the leasing enterprise on the basis of property of a state enterprise (association) subdivision

A leasing enterprise may be created on the basis of leasing property of production lines, shops, departments, farms, and other subdivisions of state enterprises (associations) at the decision of their labor collectives and with consent of the organ authorized to offer the enterprise for lease.

The registration of such a leasing enterprise is performed in accordance with Article 33 of the present Law. In this case, the consent of the state enterprise's superior organs is not required.

The lease agreement is concluded with the state enterprise (association) which is offering part of its property for lease.

Article 63. Creation of leasing enterprises on the basis of property belonging to public organizations

Public organizations have the right to lease their enterprises and their subdivisions on conditions determined by these organizations. In this case, the public organizations may utilize the principles specified in the articles of the present Law to determine the order of creation and conditions of activity of the leasing enterprises.

Article 64. Leasing of state enterprises (associations) or their subdivisions by a cooperative

If a state enterprise or its subdivisions are leased to a cooperative, the lease relations are established with the state organ authorized to offer the enterprise for lease, or with the appropriate state enterprise. The conditions of the agreement with the cooperative are determined in accordance with Articles 37-38, part 1 of Article 39, and Articles 45-51 of the present Law.

Article 65. Changeover to leasing of a state enterprise (association) without changing its status

The labor collective of a state enterprise (association) has the right to change over to leasing without changing the status of this enterprise (association).

The order of activity of such an enterprise (association) is defined by the lease agreement with consideration for the principles of the present Law and other legislative statutes of the USSR and the Belorussian SSR.

Section III. Leasing of Property by Citizens

Chapter 12. Individual and group leasing

Article 66. Individual and group leasing

A citizen or group of citizens may lease means of production or other property necessary for conducting economic activity.

Article 67. Social insurance and social security of persons engaged in labor activity under conditions of individual or group leasing

Persons engaged in labor activity under conditions of individual or group leasing are subject to social insurance and social security on par with workers and employees.

In accordance with the USSR and union republics Principles of Legislation on Leasing, the lessees contribute deductions from their income into the state social insurance fund in the order and amounts established by Belorussian SSR legislation.

The period of work of lessees during which insurance contributions are paid is included in their length of service.

Chapter 13. Economic activity under individual and group leasing

Article 68. Rights of lessees under individual or group leasing

Under individual or group leasing, leaseholders independently manage their manufactured product, perform work and provide services on prices and tariffs as established by contractual agreement with consumers, or independently.

Under individual and group leasing, the lessees may voluntarily assume the fulfillment of the state order and

sell the products manufactured toward fulfillment this order at wholesale, purchase or contract prices.

Article 69. Right of the lessee to erect buildings and structures on the leased land plot

Upon agreement with the lessor, the lessee has the right to erect the necessary buildings of production and non-production function, including housing, on the leased land, provided he adheres to general building regulations.

Buildings and structures erected by the lessee on the leased land plot at the expense of his own and borrowed funds are his property, unless otherwise specified in the lease agreement.

Article 70. Managing proceeds from the sale of products

The lessee may independently manage the proceeds from the sale of products (work, services) after the lease payment, taxes and bank loan payments have been made.

Article 71. Material-technical provision and services to agricultural leaseholders

Material-technical provision, transport, repair and other forms of services to agricultural leaseholders are performed on the basis of agreements concluded in the order and under the conditions established for kolkhozes and sovkhozes.

Article 72. Cooperative relations of peasant and other labor farms in implementation of economic activity

In implementing their production activity, peasant and other labor farms may enter into cooperative relations with kolkhozes, sovkhozes and other organizations. They may also create supply-sale, processing, repair, building and other cooperatives, as well as farm associations.

For purposes of increasing the effectiveness of their activity and ensuring protection of their legal rights and interests, peasant and other labor farms may unite into unions on a strictly voluntary basis.

Article 73. Bank accounts, credits and incentives

The lessee has the right to open accounts at banking institutions in order to perform monetary operations. He has the right to independently select the bank where he will perform credit-accounting operations.

Lessees may obtain short-term and long-term loans for development of production on conditions coordinated with the bank institutions or lessors.

Local Soviets of People's Deputies may allocate funds to lessees for initial economic outfitting, development of production, land reclamation, or road and housing construction on a compensated or non-compensated basis, and present other incentives.

Section IV. Intraorganizational Leasing Order

Chapter 14. Application of intraorganizational leasing order

Article 74. Intraorganizational leasing order

The intraorganizational leasing order as a form of organization and payment of labor of individual workers, subdivision collectives, or group of workers (henceforth—leasing collectives) may be used at state, collective, public and other enterprises.

Kolkhozes, sovkhozes, and other state and cooperative agricultural enterprises may secure land for individual workers and leasing collectives in the order of intraorganizational land tenure.

The question of utilizing the intraorganizational leasing order is decided by the management organs of the enterprise (institution, organization, etc.) in accordance with their area of jurisdiction.

Article 75. Statute on intraorganizational leasing order, intraorganizational accounting prices and tariffs, forms of accounting for material and other expenditures

The enterprise independently ratifies the statute on the intraorganizational leasing order, intraorganizational accounting prices and tariffs on products (work, services), and forms of accounting for material and other expenditures by the leasing collectives. In this case, the leasing collective may be given various types of incentives.

Article 76. Defining forms and systems of labor wage payments, work day schedules, and other labor conditions by state enterprise leasing collectives

State enterprise leasing collectives independently determine the forms and systems of labor wage payments, work day schedules and work shifts. They also make decisions on introducing summarized accounting for work time and establish the order of granting days off without disrupting the necessary coordination of action of various enterprise subsections.

Article 77. Adding new workers to the leasing collective's roster

Adding new workers to the leasing collective's personnel roster is performed in accordance with the leasing collective's charter.

Deletion from the leasing collective's personnel roster is performed in accordance with the charter and with adherence to labor legislation.

Article 78. Concluding labor agreements with citizens who are not members of the leasing collective

The leasing order agreement may provide for the right of the leasing collective to conclude, in the name of the

enterprise, labor agreements with citizens who are not members of the leasing collective to perform certain types of work.

The labor wages of such citizens are paid from funds intended for payment of wages to the leasing collective's members.

Chapter 15. Organization of the leasing collective's economic activity

Article 79. Responsibilities and rights of the leasing collective on production and sale of products

In accordance with the leasing order agreement, the leasing collective may assume the responsibility for producing and handing over to the enterprise, or at its direction selling to other enterprises or citizens, the products (work, services) specified in the agreement.

The leasing collective has the right to manage as it sees fit the products (work, services) produced in excess of the volume specified in the agreement, unless otherwise indicated by legislation or by the agreement.

Article 80. Powers and authorities of enterprises under the leasing order

Under the leasing order, the enterprise performs a counting with the budget, the bank and superior organs in the established order and based on the results of the enterprise activity as a whole. It retains the functions of planning the basic nomenclature and volume of production of products (work, services), and also implements a unified technical policy, performs retooling and reconstruction according to general enterprise plans, and develops the social sphere.

Article 81. Formulation of a production program by the leasing collective

The production program is formulated independently by the leasing collective, with consideration for the responsibilities specified in the leasing order agreement.

Article 82. Participation of the leasing collective in enterprise expenditures and payments

The leasing order agreement defines the amounts and order of participation of the leasing collective in the enterprise expenditures and payments, including expenditures for the development of production, science and technology, and social needs.

Article 83. Conclusion of economic agreements by subsection leasing collectives in the name of the enterprise

The enterprise may grant the subsection leasing collective the right to conclude economic agreements in the name of the enterprise. Such a leasing collective has the right to open an account at a banking institution.

The leasing collective bears the responsibility for agreements secured by property. In case of insufficient collateral, the enterprise bears responsibility for obligations assumed by the leasing collective.

Article 84. Granting subsection leasing collectives the right of independent sale of the products which they produce and utilization of obtained income

Enterprises, sovkhozes, kolkhozes and other agricultural organizations may on a contractual basis grant subsection leasing collectives the right of independent sale of the products (work, services) which they produce and the application of the obtained income for payment of wages, taxes, and budget payments, as well as social insurance contributions. Such leasing collectives may open accounts at banking institutions or financial accounting centers.

Article 85. Lease payments under the leasing order

Payment for the use of property secured for the leasing collective (lease payment) is defined in the leasing order agreement. In the case of a change in prices and other economic conditions, the amount of the lease payment may be reviewed upon consent of the parties.

Article 86. Cases and conditions for reducing lease payments

If the insurance of sown crops, livestock and other leased property is supplied by the enterprise and the leasing collective has not obtained the volume of production specified in the agreement due to elemental hardships or other insured cases, the lease payment is reduced proportionately by the sum of insurance compensation received by the enterprise.

With enterprise consent, the leasing collective has the right to conclude agreements in its name for the insurance of sown crops, livestock and other property. In this case, if elemental hardships or other insured cases occur, the amount of the lease payment is not reviewed.

Article 87. Income of leasing collectives

The income of leasing collectives is formed from the profits obtained after making the lease payment and repaying material expenditures and other deductions specified in the agreement.

The income remaining for the leasing collective is utilized independently by it and is not subject to confiscation.

Article 88. Order of regulating the amount of funds directed for consumption

The order of regulating the amount of funds directed for consumption is determined by the leasing order agreement.

Article 89. Inadmissibility of an enterprise confiscating property secured for the leasing collective

In accordance with the leasing order agreement, confiscation of property secured for the leasing collective by the enterprise is prohibited.

Article 90. Premature change or dissolution of the leasing order agreement

Premature change or dissolution of the leasing order agreement is allowed only with consent of both the leasing collective and the enterprise.

Article 91. Responsibility of the parties for nonfulfillment or improper fulfillment of their contractual responsibilities

The responsibility of the parties for nonfulfillment or improper fulfillment of their responsibilities under the agreement is defined in the leasing order agreement.

Article 92. Resolution of disputes between the leasing collective and the enterprise

Disputes between the leasing collective and the enterprise arising in connection with the fulfillment, dissolution and alteration of the leasing order agreement are resolved in the order provided by the effective legislation.

Section V. Purchase and Uncompensated Transfer of Property**Article 93. Order of purchase of leased property**

With the consent of the lessor, the lessee may fully or partially purchase the leased property, except for land and other natural resources. The lessor of state property does not have the right to object to the purchase.

Disputes on these questions are resolved by the State Arbitrator or the court.

The decision to purchase the leased property is made by the general meeting (conference) of the enterprise leaseholder's collective by at least a two-thirds vote of its members.

The management of the leasing enterprise, based on the decision of the general meeting (conference) draws up a draft agreement for purchase of the leased property and forwards it to the organ authorized to offer the state enterprise for lease. This organ must review the draft agreement within a period of 30 days from its receipt. Disputes arising in conclusion of the purchase agreement are reviewed by the State Arbitrator or the court.

After the purchase agreement is signed, the enterprise management formulates a bill of purchase-sale.

The terms for the purchase of leased property are defined by the purchase agreement and may be set prior to expiration of the lease period.

The purchase is performed when the lessee pays the lessor the surplus value of the leased property and the sum of the lease payment specified by the agreement at the time of purchase.

From the moment of purchase, the lessee ceases payment of the amortization deductions to the lessor, if such payment was specified by the lease agreement.

Article 94. Sources of purchase of leased property

The purchase of leased property may be performed at the expense of any funds which the leasing enterprise has: profit (income) remaining at the lessee's disposal; amortization deductions and income from the sale of property owned by the lessee; funds obtained from other enterprises and organizations; credits from commercial, cooperative and state banks; personal funds of the labor collective members and contributions by citizens made to the property of the leasing enterprise, as well as funds from the sale of stock.

Article 95. Purchase agreement

The basic document regulating the relations of the parties in the purchase of state property is the purchase agreement, which may be either an independent document or a section of the agreement on leasing of state property.

The purchase agreement is concluded on a voluntary basis, with both parties having full equal rights.

The purchase agreement defines: The make-up and monetary (cost) estimate of the purchased state property, the forms and sources of purchase, the order and terms of the purchase, the participation of third parties, and specifically creditors, in the purchase, the buyer's and seller's conditions, the guarantee of quality of the purchased state property, as well as other principles associated with the peculiarities of the objects and subjects of the purchase which do not contradict Belorussian SSR legislation.

The purchase agreement lists separately the make-up and value of the facilities related to the non-productive sphere (housing-communal, social-cultural function) which are handed over for noncompensated use. The agreement defines the responsibilities of the owner in relation to the facilities (their maintenance and capital repair).

A buyer may not be forced to purchase state property which he does not need.

The parties bear responsibility for nonfulfillment and unreliable fulfillment of the obligations stated in the purchase agreement, including also for alteration and dissolution [of the agreement] in a unilateral manner, as specified by Belorussian SSR legislation and by the purchase agreement.

Disputes arising in the implementation of the purchase agreement are reviewed by the State Arbitrator or the court.

Article 96. Purchase of property with conditions imposed by the buyer and seller

The owner of the property has the right to set conditions in the purchase agreement for a definite period, regulating certain rights and responsibilities of the buyer. Among such conditions may be the buyer's acceptance of the following obligations:

- to pay the cost of the property in natural products produced on the purchased property;
- to supply a certain portion of the products produced on the purchased property to consumers designated by the seller of the property;
- not to change the nomenclature of the products produced on the purchased property for a specified period of time;
- not to re-sell the purchased property;
- other obligations of the purchaser specified in the purchase agreement.

The purchase agreement may also contain conditions set forth by the buyer, obligating the seller of the property to continue material-technical provision and to provide a sales market for the products produced on the purchased property for a specified period of time, to assist in the production, scientific-technical, and social development of the buyer, as well as to assist in his foreign economic activity.

Article 97. Sphere and objects of uncompensated transfer of state property

Uncompensated transfer of state property is allowed in all spheres of the national economy and may be used in regard to any property which is not prohibited for lease and purchase by Belorussian SSR legislation.

Property of enterprises (associations) and organizations which are operating at a loss or which show low profitability is primarily subject to uncompensated transfer if there is no one willing to lease or buy this property.

Article 98. Subjects of uncompensated receipt of state property

The subjects of uncompensated receipt of state property may be:

- labor collectives of state, leasing or any other enterprises and organizations, as well as mixed collectives which have expressed a willingness to take the property;
- citizens or groups of citizens.

The indicated legal and physical persons act as the legal successors of the rights and responsibilities of the state enterprise whose property is transferred without compensation.

In this case, priority right to obtaining state property transferred without compensation to collective ownership belongs to the labor collective of the state or leasing enterprise which utilizes the given property.

Article 99. Order of uncompensated transfer of property

The decision on uncompensated transfer of property is made by the owner or the authorized organ for management of the state property, with consent of the subjects receiving the property.

In individual cases, at the discretion of the authorized organ for management of the state property, a mixed form of transfer of state property is permitted, which provides for the purchase of individual types of property along with uncompensated transfer of the basic property.

Article 100. Agreement on uncompensated transfer of property

The basic document regulating the legal relations arising during uncompensated transfer of property is the agreement, which reflects the inventory of the value of property being transferred without compensation, the owner's conditions and other principles.

The agreement specifies the inventory and value of the property being transferred without compensation, the rights and responsibilities of the subject accepting the property, the conditions of its operation, etc.

The agreement may include the following conditions:

- retention of responsibilities by the new owner for supply of products from the liquidated state enterprise;
- obligations of the new owner to return or fully compensate the remaining value of the property in case of termination of its production activity.

REGIONAL INVESTMENT

Division of Natural Resources in View of Republic Sovereignty

Regulation Needed

914A016JA Moscow PRAVITELSTVENNYY VESTNIK in Russian No 46, Nov 90 p 8

[Article by V. Zimich, USSR State Committee for Safety in Industry and Atomic Power Industry collegium member, and Yu. Cheshenko, deputy administration chief: "Whose Mineral Resources?"]

[Text] The natural potential of our country's mineral resources is today utilized unsatisfactorily, to put it mildly. Enormous losses occur at all stages of the extraction, processing, storage and transporting of raw material. Obsolete equipment and worn-out fixed capital are an universal predicament. Introduction of the newest technologies and progressive equipment goes poorly. Great damage is being done to the environment.

More and more often one encounters not only instances of mismanagement and sloppiness but also manifestations of "group" and "territorial" egoism, in the name of which enterprise collectives directly violate the law, norms and rules for the conservation of mineral resources. What changes need to be made in the procedure which has taken shape over the decades for developing the "subterranean storerooms" so as to obtain the greatest effect? You see, an economic mechanism for ensuring the rational utilization of mineral resources has today essentially not yet been developed.

A powerful mineral raw material and fuel and power complex was created in the country on the basis of unified state all-union ownership of mineral resources. With the adoption of new economic laws—on property, on enterprises and on the land as well as of declarations of sovereignty by the union republics—natural resources are being differentiated into the property of union and autonomous republics and territorial formations.

And although there is still no specific mechanism for implementing the rights of ownership over mineral resources, a campaign to get rid of "alien" enterprises, primarily those of all-union subordination, has already begun here and there. Individual regions would like to straighten out their affairs through selling available resources.

In the process a number of important circumstances are not taken into account for some reason. First of all, natural resources occur very unevenly and they differ with respect to the amount and the quality of the reserves. Next, the industrial development of mineral resources is a very complex scientific and technical task requiring substantial expenditures of material and labor.

The fact that the considerable funds invested cannot be recouped at once also cannot be forgotten. Will this be within the power of a single republic, especially an autonomous one? Besides, it is not advantageous in all cases to build the entire cycle of processing production units, right up to the production of the end product, near the source of the raw material. Such production units are often situated in other territories. And can one count on getting a high profit by trading only in the raw material and semifinished products?

Therefore, in our opinion, it would be correct in a future Union Treaty to delegate questions of the supplying of power and of mineral resources to the Union or to put them under joint authority. For who besides the Union, or as it is fashionable to say now, the Center, is to deal with interrepublic problems of the socially equitable utilization of the most important natural resources in the interests of all the peoples of the country?

On the other hand, practically all of the operating facilities of the mining industry were at one time built using money from the all-union budget which had concentrated funds of all the republics, which have a right to count on their share in the output of these enterprises.

Or take problems related to the defense and security of the entire country—strategic raw material items, precious metals, diamonds, gem stones, etc. Apparently they should be placed in the category of all-union property and be considered as an interrepublic resource fund expended by agreement with the USSR Supreme Soviet.

Mineral resources are a source for raising the people's standard of living. For this purpose, along with the established tax on profit, a procedure should be provided for to take part of the tax going to the local budget from mining enterprises in kind, i.e., in output for free sale on the internal and external markets of the republic and territories. Their seeking to obtain foreign exchange for the oil, gas and other minerals recovered on their lands is natural. Consequently, one needs to legislatively establish a general procedure for the sale of mineral raw material for foreign exchange by the Union and the individual republics and the sale abroad of precious metals and diamonds.

It is advisable, in our opinion, that part of the reserves of mineral resources, including universally distributed mineral resources, raw material for the production of building materials, and hydro-mineral resources be placed in the category of the exclusive property of the republics and territories.

Today the lack of development of questions of granting rights of ownership, use, and disposal of mineral resources, of determining priority in the development of particular resources, and of a procedure for preserving the atmosphere leads to conflicts. For example, the construction of a mining enterprise is needed for the normal processing of the recently discovered Archangel diamonds, but the local authorities categorically object. In another case an ispolkom is not sanctioning the allotment of land for the expansion of an already operating production unit, expecting to carry out the further development of the deposit by the forces of its own cooperative. And an instance where a sovkhos has demanded payment for the use of the natural mud-bath hospital situated on its lands already looks quite ridiculous.

It should be noted that we think that, on the basis of the USSR Law "On Enterprises in the USSR," the use of mineral resources, by virtue of their specific nature, ought to be placed in the category of an activity carried out only on the basis of a special permit (license), moreover one issued for each project (development of a deposit, a parcel of mineral resources for a use unrelated to the recovery of minerals). The stipulation of the license is a guarantee by the user of the mineral resources of the safe, ecologically clean and most completely rational and comprehensive development of the facility. It should be provided that the normatives for the completeness of the development of the mineral resources established in this case, the rates of payment for natural resources, taxes and other technical and economic regulations would guarantee to the user of the mineral

resources a specified profit. Strict economic liability should inevitably follow if the conditions of the license are violated.

We think that precisely the license (the content and the procedure for the issuance of which still has to be worked out in detail) will become one of the most important economic levers for increasing the efficiency of the utilization of mineral raw material reserves.

Now we would like to talk about mine inspection problems since this relates to our services.

Let's begin with the fact that since the elaboration of license conditions is directly related to an evaluation of the technology and safety of mining operations in the use of mineral resources and to the specific features of their rational development and conservation, the issuance of licenses should evidently be entrusted to the state mining inspectorate, the organs of which are obliged to act in the name of the executive power at all levels of all-union, republic and local administration. These organs should monitor the fulfillment of license conditions. Moreover, the monitoring is not to be administrative-inspectorial as in the past but technical-economic.

Under the various existing forms of ownership of mineral resources (state, collective, private) in all the developed countries there are the appropriate state structures, the Bureau of Mines in the U.S. Department of the Interior, the mining administration in the Canadian Ministry of Energy, Mines and Resources and the mining association under the government of Sweden.

But today in our country the unified state regulation of the use of mineral resources is essentially severed and divided among three departments. State geological control when investigating mineral resources is in the USSR Ministry of Geology. The State Commission on Mineral Reserves carries out the state acceptance of reserves of proven deposits readied for industrial development. The USSR State Committee for Safety in Industry and Atomic Power Industry (Gospromatomnadzor SSSR) handles state inspection in the use of mineral resources for the recovery of minerals and for other purposes.

The question of connecting the severed structures, although it has been discussed more than once, including at the very highest levels, has not been resolved up to this point. There is presently an urgent need to return to it and, on the basis of the Commission for State Mine Inspection of Gospromatomnadzor SSSR, to create a single organ for mineral resources, Gosnedra SSSR, having included in it the State Geological Control Administration (Gosgeolkontrol) and the State Commission for Reserves (Gosudarstvennaya komissiya po zapasam).

Moreover, the entire chain of the development of mineral resources would be under the jurisdiction of the new organ: their geological investigation, the prospecting of deposits and their state acceptance, the designing and operation of enterprises for the recovery and processing

of raw material, and the restoration of the natural complex disturbed during the employment of mineral resources.

The Gosnedra would be able to carry out state regulation of the safe, ecologically harmless, and rational development and conservation of mineral resources through the licensing of projects and the conditions for the use of the mineral resources and the issuance of licenses and monitoring of their fulfillment. Under conditions of the further decentralization of economic management in the country and of the creation of associations (assotsiatsiya), concerns, joint-stock enterprises and cooperatives for the recovery and processing of mineral raw material, as well as for other types of mineral resource use, the Gosnedra will probably take on themselves the functions of ensuring an unified scientific-technical policy in the utilization of fuel and power and mineral raw material reserves, in the determination of priorities and in the development of strategy and tactics of resource provision and resource conservation.

In connection with the development of the State Program for Preservation of the Atmosphere and the Rational Utilization of the Natural Resources of the USSR for 1991-1995 and for the long term up to the year 2005, including with respect to the utilization of mineral resource reserves, the [various] Gosnedra should be entrusted with the preparation of the appropriate proposals for the program, project-by-project current and long-range planning of its goals and indicators, and review of substantiating materials and various adjustments. Another important direction of the work of the Gosnedra is the organization of the practical solution of interpublic problems of the comprehensive development of mineral resources, of issues which arise in the process, etc.

Finally, there is one more essential circumstance. At the present time, given the organizational and economic independence of the enterprises, their geological and surveying services are becoming completely dependent on the administration of the enterprises and, in fact, cannot now carry out the departmental monitoring of operations safety and of mineral resource conservation conferred on them by law. Therefore it would be advisable to create an independent khozraschet surveying association as part of the Gosnedra, which would serve mining enterprises on a contract basis.

Coordination Proposed

914A0165B Moscow PRAVITELSTVENNY
VESTNIK in Russian No 46, Nov 90 pp 8-9

[Article by Professor A. Krivtsov, doctor of geological and mineral sciences and USSR State Prize winner: "Indivisible Treasures"]

[Text] In order to ensure his own existence man, in essence, transforms the natural resources of the Earth into forms accessible to use. Hence it is clear that the richer the place he lives in is with these resources and the

higher is his ability to transform them into usable forms in the most efficient and economical manner, the higher is the level of human well-being.

In natural resources the decisive role for today belongs to reserves of mineral raw material. Geologists search for them, investigate and determine the amounts, about which it is not for nothing that they say that they can either make their country rich or ruin it. For long years Soviet geologists have done their work honorably, enriching the country with new mineral resources. These successes, however paradoxical it is, have served them poorly: the opinion has developed in the ministries and departments that since our country is exceptionally rich in resources it is rather simple to find a new deposit as the need arises and the existing enterprises will do for them today. So that one can completely cease or substantially reduce geological exploration operations. Therefore the expenditures for conducting them can be cut.

But is such "economy" wise? Will we not soon have to "beat the drum" to make up for what has been lost? And is our position in the world with respect to reserves and their recovery so strong?

Let's begin with the first question. Even this year the lion's share of expenditures for the prospecting and exploitation of the "subterranean storerooms" did not come from the state budget at all. Yes, of course, more than 4 billion rubles of allocations to cover expenditures for geology were provided for in the revenue portion of the state budget for 1990. But you see these are the so-called restitution rates (*stavki vozmeshcheniya*). Included in the prices for raw material being extracted only for part of the types of mineral resources, they in fact should constitute a fund for the reproduction of the mineral raw material base of the country. But in spite of that these funds are arbitrarily transformed into part of the state budget—they are alienated both with respect to origin as well as with respect to their future use.

However, let's go further. As far as the country's riches are concerned, the proven reserves together with the predicted resources identified by geologists are equivalent to 94 trillion rubles (at today's wholesale prices). Here's the "chicken that lays golden eggs," which some people are ready to kill. And the question occurs here: why are we so poor if in principle we are so rich?

Not everything is so simple. If the USSR occupies first and second place in the world with respect to the identified reserves of the power-engineering types of raw material, we occupy eighth when they are converted to a per capita basis (for oil and condensate it's worse than that). Further, if the USSR is in the first five on the basis of the per capita consumption of gas and coal, it is in 12th place with respect to the per capita consumption of petroleum. And, you see, the indicator of per capita consumption is directly related to the level of the power supply per production unit and of the amount of transportation per production unit (I apologize for these

terms), which in the end determine the state and efficiency of the productive forces.

Let's look at the data for the basic metals which determine the industrial configuration of countries. Unfortunately the picture is similar to the preceding one. On the basis of reserves we are again "ahead of the entire planet" but when they are converted to a per capita basis we occupy positions in the middle of the table. And again with respect to per capita consumption we are in the lead only for iron and manganese ores. This same indicator for copper, lead and zinc puts our country even beyond the limits of the first 10. Most vexing of all is the fact that even states which do not possess their own significant reserves of metals surpass us.

What is the reason for such disproportions? The capital investments needed for the development of new deposits were not allotted during a number of recent years. And there it is—backwardness. Moreover, in order to catch up with the advanced countries with respect to the level of per capita consumption the recovery of a number of mineral resources needs to be increased 1.5-3 times. That means that greater financial expenditures are required.

In studying questions of the level of the world's supply of mineral raw material resources, the well-known American scientist B. Skinner singled out four groups of countries in a paper given at the 28th International Geological Congress.

The first are the "producers" (*producenty*) or suppliers which consume hardly any of the raw material extracted in their own countries but exchange it (through foreign exchange) for the goods they need. The second group are the countries with an intensively developed mining industry which are self-sufficient in mineral raw material and export its surpluses (and sometimes not even the surpluses). In the third group are countries whose mining industry supplies a limited portion of the consumption of mineral raw material and functions in a regime which spares its own resources; a significant portion of consumption is furnished through imports. Finally, the fourth group provides for its own raw material needs primarily through imports.

This division of the countries is not directly dependent on the wealth of their own mineral resources. Thus, the United States, which possesses very significant reserves of mineral raw material, provides for more than 90 percent of its needs for niobium, tantalum, manganese, bauxites, chromium, and platinoids through imports; 75 percent of the needs for nickel, tin and asbestos; and more than half of the needs for cadmium, mercury, zinc, tungsten and gold. Japan, which has very limited reserves of mineral raw material, is in the same situation.

Only the model of the second group of countries is acceptable for our country under present economic conditions. However, further development of the mineral raw material base and the intensification of geological prospecting operations are needed for this.

One needs to add to this factor another perhaps even more important one. Under the conditions of the transfer to the market, which has been marked by an impetuous striving of republics, oblasts and regions for independence and for the right to be the complete masters of their own territories, the question inevitably arises: whose mineral resources will they be?

The mineral raw material complex of the USSR and the basic sectors of the mining industry have been developed on the country's territory as an unit irrespective of the borders of the republics and the autonomous republics. Thus, even the Russian Federation, which possesses a very powerful mineral raw material potential, gets more than 50 million tons of coal and more than 15 million tons of iron ore a year from Kazakhstan. Ukrainian deposits deliver 4 million tons of coal and 5.5 million tons of iron ore to Russia. All the chromium and manganese ores are delivered to Russia from other republics. In turn the mining enterprises of the RSFSR deliver a number of types of mineral raw material to the other republics.

The adoption of declarations of sovereignty by the republics and the conversion to market relationships one way or another contemplates, essentially, the destruction of the single mineral raw material complex of the Union. However, in the transition to intrarepublic economic systems the republics find themselves in fundamentally different starting conditions. Study of the data permit one to easily ascertain the monopoly position of individual republics with respect to vitally important types of mineral raw materials: Russia—for tin; Kazakhstan—for chromium; Russia and Kazakhstan for power engineering raw material; Russia, the Ukraine and Kazakhstan—for coal and iron; the Ukraine, Georgia and Kazakhstan—for manganese; Russia, Kazakhstan, Uzbekistan and Tajikistan—for non-ferrous metals; Russia, Kazakhstan and Estonia—for phosphate raw material.

Naturally, monopolies of this type cannot be done away with either by organizational or by economic measures. A change in the infrastructure of the mineral raw material base, i.e., discoveries of deposits where there aren't enough of them, is necessary first of all for this. However, this requires very large investments. Yet it must be remembered that making resource-consuming enterprises republic property turns the republics into hostages of these enterprises with respect to their mineral raw material supply.

If one talks about the various ways of securing minerals and raw materials, it is difficult to allow the republics which do not possess a raw material base and mining industry to create a system of raw material supply on the United States and Japan model. A future role of the Russian Federation as just a producer of mineral raw material is to be also ruled out.

Under the new conditions a model of the intrarepublic processing of mineral raw material and not its intra-union export is more advantageous for the economy of the Russian Federation. Other variants are permissible of course. However, denationalization of the unified mineral raw material complex down to the republics presents some republics with broad opportunities for powerful raw material influence on the other republics, including the impeding of the development of entire industries.

Such discriminatory processes cannot be permitted. A solution is to be seen in the creation of an all-union mineral raw material fund, primarily of those types of mineral resources which are in short supply for many republics and are of all-union importance in this respect. It should be noted that in the declarations of sovereignty the existence of all-union funds is acknowledged one way or another. True, only with respect to the types of mineral raw material that produce foreign exchange. At the same time, according to the logic of things, the declarations of sovereignty should also contain references concerning the rights to their share in the all-union fund of power-engineering resources and agricultural ores (agroruda).

It is important to emphasize that the already identified mineral resource wealth of the USSR was created through the funds of all the republics. Its division on the basis of a territorial criterion is an unique form of the expropriation of the common property of all the republics by one of the republics.

It seems that the mineral raw material interests of each of the republics should be reflected and those types of mineral resources whose raw material base requires national support defined in the new Union Treaty. Such support can be created through an all-union fund for the reproduction of mineral raw material resources—through the accumulation of restitution rates. The distribution of such a fund on the basis of all-union programs could ensure not only the current requirements of the republics for raw material but also the development of their own mineral raw material bases. The political consequences of the implementation of such programs are the reduction of the dependence of the consumer republics on the producer republics, liquidation of the latter's monopoly status, and the creation of more favorable prerequisites for economic self-development.

The mineral raw material foundations of the development of the country and of the republics' sovereignties can be created only on the basis of an unified mineral raw material program and an unified mineral raw material policy of the USSR with the appropriate organs of all-union and republic regulation.

It seems obvious that the development of the legal foundations for the creation of an all-union mineral raw material fund primarily on the basis of the Union Treaty

and the new legislation on the mineral resources and mineral raw material resources of the USSR is of immediate importance.

[Translator's note: The following three paragraphs are an editorial introduction to the two related articles given above.]

"Our country is rich in mineral resources. For example, they permit us not only to practically completely meet our own needs for mineral raw material but also to sell part abroad for foreign exchange. However, with every year the mineral raw material and fuel and power complex operates with increasingly greater interruptions. And the fact is not only that the subterranean storerooms are, in the end, limited, exhaustible, and nonrenewable but that the prospecting, site preparation (obustroystvo) and development of new deposits requires enormous capital investments which we simply don't have today. In short, there are enough problems and here already they have started the division of everything everywhere. What, and will we divide the mineral resources?"—This is the letter that geologist V. Sinkov sent us.

The reader is correct. One must discuss who will possess, make use of, and dispose of mineral resources tomorrow and how. You see today, while by law they are state property, they are being declared by some republic and local organs of power to be "the inalienable property of the peoples living in a given territory." And such aspirations are being actively supported by many people.

One cannot help taking these things into account. But how is the "possession, use, and disposal" of mineral resources both in the interests of these people and in the interests of the entire Union to be practically implemented?

INTERREGIONAL, FOREIGN TRADE

Leningrad Chief Backs 'Hanseatic League'

914A0193A Moscow *RABOCHAYA TRIBUNA*
in Russian 7 Dec 90 p 2

[Report by RT, TASS and IAN correspondents: "Union of Hanseatic Cities"]

[Text] Moscow—A. Sobchak, chairman of the Leningrad Soviet and member of the Union parliament, expressed his disappointment at the failure to implement the idea of a Baltic market.

At one time Latvia, Lithuania, Estonia, and Leningrad and its oblast expressed their desire to join. In his opinion, the economic separatism of the Baltic leaders, who are arbitrarily changing prices and establishing customs despite all agreements, does not accord with their verbal declarations of their readiness to form such a market.

Now the idea of a "Union of Hanseatic Cities" as the basis of a North Baltic European market is gaining

popularity in Leningrad. From the point of view of A. Sobchak, participation in it by the cities of Sweden, Norway, Finland, Germany, Poland, and Russia will show the leaders of the Baltic states, who are dazzled to an absurd degree by the idea of political isolation, an example of reasonable economic cooperation.

Belorussia Restricts Export of Goods to Ukraine

914A0193B Moscow *LESNAYA GAZETA* in Russian
6 Dec 90 p 1

[Article by V. Vysotskiy: "Prepare for Inspection..."]

[Text] The Belorussian SSR—At the formerly empty crossroads, where under the best of conditions only signposts indicating the border with the neighboring republics stood at the curbside, barriers and militia checkpoints have appeared. The Belorussian Government has taken measures in the fight against the petty operators, second-hand dealers, and speculators who are literally inundating the cities and villages. Just such barriers appeared even earlier on the Latvian and Lithuanian sides. Limits have been introduced in the Ukraine on taking out goods. And there is still one more sign of a severe reality—the alienation of neighbors who have lived in friendship and harmony for so many years.

But it is also important and necessary to put a halt to the insolent speculator. Over the first 20 days, as V. Yegorov, Belorussian SSR [Soviet Socialist Republic] minister of internal affairs, reported, there were attempts to illegally take more than 2.1 million rubles [R] worth of industrial and consumer goods across the borders of the Republic. Here are some examples. Fourteen sacks of sugar were confiscated in Oshmyanskiy Rayon from A. Tarbunas, a resident of Lithuania. A video recorder and two fenders to a "Moskvich" car were taken from his countryman V. Pyatkus, and R4,861 worth of wine and vodka products, which are closely regulated in Belorussia, were taken from R. Magulis. All these people will appear in court, and their personal vehicles have been confiscated.

Azerbaijan, Kazakhstan Sign Trade Agreement

914A0193C Alma-Ata *KAZAKHSTANSKAYA PRAVDA*
in Russian 1 Nov 90 p 1

[AZERINFORM-KazTAG report: "Azerbaijan and Kazakhstan: Agreement Signed"]

[Text] An intergovernmental agreement on economic, scientific, technical, and cultural cooperation between the Azerbaijan SSR [Soviet Socialist Republic] and the Kazakh SSR, concluded on 30 October in Baku, will put mutually profitable ties between the two republics on a qualitatively new level.

On the Azerbaijan side the agreement was signed by G.A. Gasanov, chairman of the Council of Ministers, and A.Sh. Azizbekov, leader of a government commission and chairman of the State Committee for Material

and Technical Supply [Gossnab], and on the Kazakh side, by U.K. Karamanov, chairman of the Council of Ministers, and A.I. Bektemis, leader of a government commission and chairman of Gossnab.

A characteristic feature of the signed document is that a balance in the amount of goods transported in and out is ensured for the first time on both sides. The agreement notes a trend toward broadening and reinforcing existing ties in all spheres of activity. There are good prospects for creating joint enterprises, broadening telephone communications and putting them on a level of higher quality, and making use of transportation lines to stimulate foreign economic activities. The Caspian steamship line and the Azerbaijan railway will become pipelines for the output of Kazakh enterprises to Iran, Turkey, and Western Europe. In turn, Azerbaijan, with the help of its partners, will have the opportunity to export to the markets of Southeast Asia.

Many areas of cooperation are also opening up in the realm of science, technology, and culture. More attention is to be devoted to the 30,000 Azeris living in Kazakhstan. There are plans to offer them guaranteed acceptance to Azerbaijan higher educational institutions, to conduct 10-day festivals of literature and art more frequently, and to exchange delegations on various levels. Political and international ties between the two republics will receive further development.

A.N. Mutalibov, president of the Azerbaijan SSR, attended the signing of the agreement.

Baltic Ministers Confer on Industrial Cooperation
914A0170A Tallinn MOLODEZH ESTONII in Russian
31 Oct 90 p 2

[Interview with Vladimir Nikolayevich Galkin, Estonian deputy minister of industry and power engineering, by A. Amelchenkov: "To Knock on Your Neighbor's Door"]

[Text] The ministers of industry of Latvia, Lithuania, and Estonia met in Riga in October of this year. They exchanged information on the economic situation which has taken shape in the three Baltic republics and outlined a group of issues which could be resolved by joint efforts. Our correspondent met with one of the participants in the conference, V. Galkin, Estonia's deputy minister of industry and power engineering, and asked him to tell about the meeting's results.

[Amelchenkov] Vladimir Nikolayevich, for what purpose did the representatives of the industrial ministries meet in Latvia's capital?

[Galkin] To start, I will note that deputy ministers of agriculture and managers of certain departments also took part in the conference. The point is that all three republics have very similar problems: difficulties in obtaining raw materials, workers transferring from state

enterprises to cooperative ones, and the physical deterioration of equipment and the stock of machine tools. Earlier, a substantial amount of capital was invested in the Baltic republics and imported equipment was supplied. Now the time has come to modernize it. But to do that, hard currency is needed, and there is none. This is one example, but there are really many more problems. We gathered in Riga to discuss all these questions and begin action toward integrating the industrial potentials of all three republics.

[Amelchenkov] How did the discussion go? What was achieved?

[Galkin] We exchanged information. Personal contacts were made. That is very important for business people: for it is not robots who manage industry. We understood that our troubles and complications are similar in many respects and have the same causes. What was achieved during the conference? Groups in various areas were formed from each republic. They are supposed to meet again in Riga and Vilnius after a month and present concrete work plans for examination.

For example, a group on the question of regional agricultural machine building has been set up. It is supposed to outline ways to create the so-called Baltic tractor. For soils and climates are similar throughout the Baltic Region. At practically the same time we are moving to revive the individual farm system. Independent farmers already need a convenient, economical, and cheap machine. The republics have something to work on. Our "Talleks" has accumulated some operating time in this area, the "Mini-Tractor" program. But really the point is that a farmer does not need just a tractor; it has to be equipped with trailer implements. Our Lithuanian colleagues have a wealth of experience here. Or take metallurgy. Look how foolishly we have used the metal we have in the republics up to this point. We have sent it to Krivoy Rog and abroad. At the same time, however, the Sarkanays metallurgy plant is experiencing difficulties with raw materials. A total of eight work groups were formed from each republic. They will work on vehicle building: they intend to build a new vehicle based on the RAF microbus for those very farmers. Others will work on such a pressing problem as consumer goods.

[Amelchenkov] Vladimir Nikolayevich, our time is frequently called the information age. Was the question raised of creating a unified information system in the region?

[Galkin] Yes, we dealt with that question. A unified information bank for industrial enterprises must be set up. We all live next to each other, but we know very little about our neighbors. You know, at times absolutely ridiculous things happen: an enterprise appeals for help God-knows-where, and it turns out that what it needs is here under its nose, in the Baltic Region. Work has begun to coordinate marketing. The idea is to avoid hindering one another in trade. Let us suppose that two enterprises have found a partner in Sweden. Here it is important

that we not steal business from one another, but rather put up a united front. And there is the question of exports: they make up only three percent in the Baltic Region. With such a ratio we can only dream of imports.

[Amelchenkov] There is a lot of talk now about privatization.

[Galkin] The conversion of property has certainly been discussed. There is a great deal of talk about this, but practical steps have not yet been taken. Selling large industrial enterprises to private ownership in the near future is a very problematical business. On the one hand, there are plans to build new plants and factories, with the latest word in equipment, as they say. The state is investing money, hard currency, in them. So then, according to this idea should we surrender them to private hands without receiving anything in return?

[Amelchenkov] I have no doubt that the meeting was useful. But what you talked about will have no practical benefit at this moment. What is it, then, that the republics will receive in the immediate future?

[Galkin] We managed to do some things with an immediate impact too. The Pylva Association is producing a very scarce commodity: concrete mixers (very small units). Customers from Lithuania and Latvia are prepared to buy them from us even without electric motors, which are in short supply. We agreed that the electric motors will be delivered to us from Kaunas. The Tallinn perfume and fat products combine has found partners in Latvia. "Talleks" itself intends to produce its own mini-tractor (an experimental batch) next year, and in 1992 launch it into series production. The Volta plant has developed and set up production of circulation pumps for residential housing. We are speaking of an experimental batch, to be sure, but I think that the work will pick up speed.

[Amelchenkov] Then it is obvious that even stock-capital joint enterprises are not far off?

[Galkin] Of course. Sheep raising is being revived in the Baltic Region, yet there are almost no factories to process wool. There is an idea to set up a wool-washing facility. We bought 6.3 million foreign exchange rubles worth of equipment for a margarine plant, but we do not have the capital to build it. Now the question arises of financing it and obtaining raw materials for it jointly. The Lithuanian Ministry of Agriculture is already prepared to deliver edible rapeseed oil to Tallinn in exchange for the margarine which we produce. An inter-republic joint-stock company can be set up here. In doing so, we will keep the controlling stock interest.

[Amelchenkov] But won't what is now happening everywhere in the country and the republic happen here: the upper echelons make the decisions, and the "lower ranks" are in no hurry to carry them out?

[Galkin] Such dangers do exist. We realize that in present conditions decisions adopted at the top level

may remain merely on paper without support "from below." Therefore, we consider broad "dissemination" of the results of the Riga conference one of the main tasks for us. People should understand that something can be gained not only from contacts with Swedish entrepreneurs, for example, but also from colleagues in Vilnius and Riga, people who are right next door. Work has already begun in this direction.

[Amelchenkov] Vladimir Nikolayevich, you have not mentioned differences of opinion during the meeting at all. Were there any?

[Galkin] No, there were no differences of opinion. The conference lasted for about eight hours with short breaks, and there was complete mutual understanding on all issues. We felt a readiness to meet each other half way. And that is understandable: we met to discuss economic issues; there was no talk of politics at all.

Kirghizia Signs Economic Accords With Other Republics

Kirghiz-Uzbek Agreement

914A0172A *Frunze SOVETSKAYA KIRGIZIYA*
in Russian 20 Oct 90 p 2

[Article: "Kirghizia-Uzbekistan: Equal Ties"]

[Text] The governments of the Uzbek SSR and Kirghiz SSR signed an agreement on economic, scientific-technical, and cultural cooperation. It is based on the principles of equitable economic ties and their traditional friendly relations and is intended to strengthen these relations on the basis of equality and mutual advantage.

With a view to the current economic ties and commercial relations between the republics, the sides agreed to keep reciprocal deliveries of products in 1991 at no lower than the 1990 level in general and to take steps to balance future deliveries on an equivalent basis.

Their relationship will be based on the appropriate contracts, agreements, or protocols concluded between enterprises, organizations, establishments, and organs of territorial (or municipal) and state administration and other economic entities within their spheres of jurisdiction.

Enterprises and organizations located within these republics can participate in the cooperation irrespective of forms of ownership and departmental jurisdiction. Joint ventures will be possible. If both sides agree, enterprises and organizations located outside the republics and foreign partners will be able to participate in the cooperation.

The sides agreed that enterprises, organizations, establishments, and other economic entities will secure the consent of the concerned government agencies in both

republics before concluding agreements on reciprocal deliveries of products on which there are certain restrictions.

To protect the domestic market and prevent the restriction of the population's interest in supplies of vital necessities, the sides agreed to inform one another in advance and coordinate their actions in the event of changes in retail and wholesale prices and other forms of domestic market regulation.

The sides agreed on the need to draft a program of economic, scientific-technical, and cultural cooperation envisaging the further development of these ties on the basis of equality and mutual advantage. The draft of this program is to be completed in the first half of 1991.

Assigning priority to the steady provision of the population with foodstuffs, the sides agreed on the need for timely decisions on the use of pastures in the Kirghiz SSR by sheepherders in Uzbekistan's Fergana Valley.

The agreement was drawn up in Tashkent and Frunze in two copies of equal force, in the Uzbek, Kirghiz, and Russian languages. It was signed by First Deputy Chairman D. Berkov of the Uzbek SSR Council of Ministers and First Deputy Chairman E. Duysheyev of the Kirghiz SSR Council of Ministers.

Kirghiz-Armenian Agreement

914A0172B *Frunze SOVETSKAYA KIRGIZIYA*
in Russian 2 Nov 90 p 2

[Article: "Kirghizia-Armenia: On the Road To Cooperation"]

[Text] The governments of the Kirghiz SSR and the Republic of Armenia concluded an intergovernmental agreement based on the principles of equitable economic ties and their traditional friendly relations and intended to strengthen these relations on the basis of equality and mutual advantage.

The sides agreed to keep reciprocal deliveries of products in 1991 at no lower than the 1990 level in general and to take steps to balance deliveries in the future on an equivalent basis. The reciprocal deliveries of enterprises will be included in the total balance of trade between the republics regardless of regional and sectorial ties.

The sides agreed to base their relationship on the appropriate contracts, agreements, or protocols concluded between enterprises, organizations, establishments, organs of territorial (or municipal) and state administration and other economic entities within their spheres of jurisdiction. They will be fully responsible for the observance of their commitments and will take steps together to terminate any attempts by economic entities to hurt the interests of either side.

Both sides will assist in the maintenance, establishment, and expansion of direct economic ties between enterprises, organizations, establishments, and other economic entities in the reciprocal trade of raw materials, produce, and consumer goods and the rendering of services with a view to the transfer to market relations and the need to cover incomplete deliveries on contracts or separate requisitions.

Enterprises and organizations located within the republics will be able to participate in the cooperation irrespective of forms of ownership and departmental jurisdiction. Joint ventures will be possible. Enterprises and organizations located outside the republics and foreign partners will be able to participate in the cooperation.

The sides agreed to refrain from actions that might hurt one another's economic interests.

The sides will draft and implement proposals on the development of mutually beneficial economic and cultural cooperation, delegating this work to the appropriate government agencies. The sides will secure the coordination of volumes of mutual deliveries of produce and consumer goods (whether covered by optional sales or centralized distribution) and record these decisions in the appropriate protocols within two months.

To protect domestic markets and prevent the restriction of the population's interest in supplies of vital necessities, the sides agreed to inform one another in advance and coordinate their actions in the event of changes in retail and wholesale prices and other forms of domestic market regulation.

The sides agreed on the need to schedule annual deadlines for the review and approval of the volume and structure of interrepublic deliveries for the next year with a view to five-year objectives.

The sides agreed to draft a program of economic, scientific-technical, and cultural cooperation envisaging the further development of these ties on the basis of equality and mutual advantage. The draft of the program is to be completed in the first half of 1991.

The sides decided to inform one another periodically of the progress in fulfilling this agreement and in economic and cultural cooperation.

The agreement was drawn up in Frunze and Yerevan in three copies of equal force, in the Kirghiz, Armenian, and Russian languages. It was signed by Chairman A. Dzhumagulov of the Kirghiz SSR Council of Ministers and Chairman V. Manukyan of the Council of Ministers of the Republic of Armenia.

Kirghiz-Belorussian Agreement

914A0172C *Frunze SOVETSKAYA KIRGIZIYA*
in Russian 4 Nov 90 p 1

[KirTAG report: "Moving Toward the Market Together"]

[Text] The governments of the Kirghiz SSR and Belorussian SSR signed an agreement on economic, scientific-technical, and cultural cooperation by the two republics

in Frunze on 3 November. The agreement went into force the day it was signed.

It was signed by Chairman of the Kirghiz SSR Council of Ministers A. Dzhumagulov for the Government of the Kirghiz SSR and by Chairman of the Belorussian SSR Council of Ministers V. Kebich for the Government of the Belorussian SSR.

At a meeting of representatives of the republics, A. Dzhumagulov said that this was the first time the development of bilateral relations had been negotiated on such a high level. This is certain to promote the establishment of even closer contacts. There are products for which our republic has an acute need, such as equipment for sewing factories and many others, and the Belorussians are willing to supply us with them. There are items in which they are interested—these are Kirghiz pickup balers, wool, tobacco, and other raw materials, and we will meet their needs. There is a mutual intention to form joint ventures and, possibly, to open subsidiaries of the Minsk refrigerator and television plants in Kirghizia and produce other goods in high demand jointly. This is a topic requiring serious consideration and further joint work.

The problem with many republics is that each is stewing in its own juices and inventing its own bicycle, V. Kebich stressed. The establishment of direct interrepublic ties, however, will reveal new horizons of cooperation. We will continue to be reliable partners in economic relations in the future and will assume the responsibility for this ourselves. Now, on the basis of this agreement, ministries, departments, and enterprises in the two republics must sign bilateral commercial contracts on deliveries of the most important types of products. Without the participation of the specific executors, there will be no progress. The agreement stipulates that trade between Belorussia and Kirghizia in the coming year should be kept at the 1990 level, but we are not satisfied with this because we feel the need to go further. In the past, when our relations were confined to reciprocal deliveries, we did not know much about the kind of people who lived in a particular territory. Now we will get to know each other through concrete transactions.

Based on the principles of economic autonomy and traditional friendly relations, and addressing the interest in stronger scientific-technical and cultural ties on the basis of equality and mutual advantage, the bilateral agreement between Kirghizia and Belorussia envisages the development of closer contacts in the production sphere, science and technology, transportation, trade, and environmental protection. With a view to the acute shortage of tobacco products in the country, the heads of the governments agreed during the signing ceremony, for example, to form the first joint venture in cigarette production and reached other agreements.

Lithuanian Export Regulations Explained

91UF0157A Vilnius EKHO LITVY in Russian
18 Oct 90 p 2

[Comment by Rimantas Purtulis, general director of the foreign economic relations department of the Lithuanian Republic government: "To Avoid Being Turned Back at the Border"]

[Text] With the republic government's adoption of decrees regulating the export of goods from Lithuania, the question has occurred to many people, especially entrepreneurs, of how to proceed and how and from whom to get approval in order to avoid being turned back with export goods at the border, or even worse—having to explain things to the law enforcement organs. Many such questions come to the foreign economic relations department of the government of the Lithuanian Republic. The general director of this department, Rimantas Purtulis, explained to the ELTA correspondent:

"The republic's government ratified the provisional procedure for exporting and shipping goods from the Lithuanian Republic with its decree No 290 of 25 September. The main requirement is very simple: state enterprises and organizations which have decided to sell outside Lithuania's borders raw or processed materials, output, foodstuffs, or nonfood products manufactured beyond the state order and in larger quantities than envisioned by long-term direct contracts concluded before 1 September 1990 must get the approval of the Ministry of Material Resources or the Ministry of Trade to export them (in accordance with the appropriate product list) and obtain the permission of one of those ministries. Sometimes the goods mentioned are to be exchanged for others. In that case a list of the goods being exported and those being imported should be submitted to one or the other of these ministries and the conditions and advisability of the exchange should be substantiated.

"Cooperative members, joint stock enterprises, and persons involved in individual labor activity are active exporters of goods. The first place they should turn in connection with exporting their goods is the city or rayon administrations which registered their charters and issued patents or business licenses.

"If the goods are being exported to foreign states (with the exception of the USSR, Estonia, or Latvia), they must also obtain permission from the foreign economic relations department. They call on our department after the question has already been approved in the institutions mentioned. In order to trade abroad, first of all they must be registered as a participant in foreign economic relations. They must present a copy of the

registration card proving what output they intend to export and import and the protocols of intention or other agreements to the department. It takes approximately 10 days for the permission to be issued if the deals are not too complicated and about 20 days for those which are more complicated and require an indepth analysis.

"Although we completely support and are expanding foreign economic ties, we are not giving the green light to go abroad for those who take advantage of our economic difficulties and at times are involved in dirty deals and disregard established procedures. The state border should be and will be closed to such 'entrepreneurs.'"

AGRO-ECONOMICS, POLICY, ORGANIZATION

RSFSR's Kashin Interviewed on Land, Agricultural Reform

914B0033A Moscow SELSKAYA ZHIZN in Russian
17 Nov 90 First Edition p 2

[Interview with V. I. Kashin, Politburo member and secretary of the RSFSR CP Central Committee: "For the Peasant—Support and Freedom of Action"]

[Text]

[SELSKAYA ZHIZN] Vladimir Ivanovich, quite recently you worked in the rayon, and now you have been called upon to formulate the agricultural policies of the RSFSR Communist Party. To what extent do you believe the depopulated village can feed Russia?

[Kashin] I myself am a peasant by ancestry. From time immemorial my ancestors worked the Ryazan soil. All of my life's experience, work with people and simply my entire life spent in a rural area provide me with the background to have an opinion about this. I believe in the peasant and in his ability to feed Russia relatively quickly. But in order for him to do this, we must eliminate the causes that have resulted in today's situation in our village economics.

Society should change its attitude toward the peasant as quickly as possible and should begin to really understand that he is the most important figure; in families such people are called the providers. Until the peasant feels in deed the concern for himself, the situation will not change and the food problem will continue.

Even today, having visited various regions of Russia and having talked to workers, I am fervently convinced that there is a catastrophic shortage of food practically everywhere. Lines, the introduction of coupons for food products and the miserliness of established norms for the release of products have given rise to justified dissatisfaction among people. This is understandable. It has become difficult to feed the family. Milk, butter and meat—all of the basic products must be "acquired," yet the market is too expensive for many.

An economy that is falling apart and the threat of hunger are increasing social tensions, which may result in serious consequences. A sober assessment of the situation regarding food products and the tendency to decreased production in livestock raising force us to turn to the peasant and to ask him to do everything possible not to limit food production this winter.

For its part, the Central Committee of Russia's CP is taking all measures to pass laws that reflect the peasant's interests at the coming RSFSR Congress of People's Deputies. Special responsibility for this is being placed on people's deputies, and especially on deputies who are agricultural workers.

[SELSKAYA ZHIZN] You spoke about creating the necessary conditions for the peasant. In your opinion, what would they be like?

[Kashin] The most normal and humane. Such that will make it pointless for the majority of village residents to move to the city. This has to do with their living and everyday comforts and with spiritual culture, and of course with their work conditions. In other words, we need liberation from everything that is hindering them in their work. We know that these are very serious problems and that it will be possible to deal with them only on the basis of new economic relations and with the help of the government.

Look at what is happening. In Kolkhoz imeni Kirov, Balashikhinskiy Rayon, Moscow Oblast, it is impossible to find a job—there is a waiting list. People are attracted here from the rayon center and even from Moscow itself by the good living and working conditions. The kolkhoz has well-arranged housing, children's preschools and everything necessary for participating in studies, sports and culture. Trade, medicine and the service sphere are developed. It is possible to have one's own private plot. Everywhere where it is possible in the enterprise, labor has been mechanized. These are the conditions that are essential for the peasant. But in order to create these conditions the corresponding capital investments were required. The kolkhoz has a high profitability level, carries out expanded reproduction and is developing the social sphere. We know that there are very few such enterprises in Russia and in the country as a whole.

I would like to note that in this enterprise as well as in others there are great internal reserves. But the most important thing must be underscored—without an increase in capital investments it will hardly be possible for anyone to improve agriculture or to stop the migration of the remaining residents from the village. I see as non-objective the point of view that peasants seek to be dependent. After all, it is the peasants who with their labor produce practically all of our food. Agriculture produces 32 percent of the republic's total income. This consists not only of food, but also of raw materials for industry. Food products and consumer goods, which comprise almost two-thirds of retail trade, are produced by the labor of the peasant.

For this reason the strengthening of the material-technical base of sovkhozes and kolkhozes and of peasant and farmer enterprises and the creation of the essential social-consumer and cultural conditions in the village are an objective necessity.

At the March 1989 Plenum of the CPSU Central Committee questions were raised with regard to the building of roads, housing, and social and consumer objects, to the development of new technologies and machine systems and in production building. There was also a discussion of gasification, electrification, fuel supply and installation of telephone lines. All of this must be implemented quickly within the framework of state programs.

There is nothing to be done—the state with its inattention has brought the village to its current circumstances, the state must repay all its debts and help the agricultural sector of the economy to occupy its vitally-important, honorable and worthy place. This is why the words, "The Food Program is a matter for all the people," acquire a truthful and non-slogan significance.

[SELSKAYA ZHIZN] Vladimir Ivanovich, how can the state help the agricultural sector, especially now under conditions of the transition to the market?

[Kashin] The question is a complicated one and will be dealt with at a special session of the RSFSR Congress of People's Deputies. We hope that such decisions will be made.

My position is such. Since for several decades the village as a whole was placed in special, unique state of possessing no rights and of economic dependence, now special conditions must be created in the positive direction to encourage its development. In my opinion the corresponding law must be passed to provide extensive support for the revitalization of the village. Of course other measures will be needed in the interests of the village in the republic as a whole as well as on a local basis. For example, the village resident should be given interest-free loans or credit for housing construction. He should be provided with building materials out of turn, as well as with the means of mechanization and with automobiles. It is very important to formulate a tax policy that will encourage growth in the production of food products. I feel it is completely proper to remove limitations on having a plot of land for the private enterprises of village residents in many regions or to increase the size of the private plot to perhaps 1-2 hectares according to the discretion of local soviets.

City residents can make their contribution directly into solving the food problem if instead of 6 hundredths of land that they are now allocated in orchard-garden partnerships, they were to be allocated 10-15 and possibly up to 20 hundredths. People involved in farming in their free time should be helped to cultivate the soil, to acquire fertilizer, seed and seedlings, to raise poultry and rabbits, and so forth.

Of course, it should be clear to everyone that a decisive factor in increasing the effectiveness of the collective and peasant enterprise will be scientific-technical progress, the system of highly-productive machinery that provides quality cultivation of agricultural products, and the utilization of foreign experience and new intensive and ecological technologies. In Moscow Oblast a number of enterprises that utilize Dutch technology produce 300-400 quintals of potatoes per hectare. The factors of success include a perfected system of machines and a highly-productive potato variety.

We cannot fail to consider domestic experience as well. Our Soviet scientists-breeders have developed oil-bearing varieties of sunflowers with a high oil content, an effective system of soil cultivation to combat erosion, and so forth.

[SELSKAYA ZHIZN] At present the land question is a matter of concern for the people, and especially for the peasant. Several draft laws on land reform are being proposed at the coming Russian Congress of People's Deputies. They call for private land ownership. What is your attitude about this?

[Kashin] First of all I would like to emphasize that this is a problem the solution of which will greatly affect the civilian world and national harmony. The nature of the public-political structure is the fate of the country and the fate of the people. For this reason the people are placing a special responsibility on deputies to deal with this problem. No mistake can be made because it will be a fateful one for everyone.

Let us look at the question of who among the peasants can buy land and how much of it. Will there be many of today's peasants who, while working the land, will be in a condition and will have the desire to pay for the land on which they are working by the sweat of their brow? I think there will be few. Moreover, sociological studies show that only 17 percent of peasants are expressing a favorable opinion about the creation of independent farming enterprises. And this is the case even with free use of land!

It is understandable that if land is available as private property it will be, although perhaps not immediately, bought up by operators of the shady economy, by concealed and manifest millionaires from mafia channels. How will it be used and by whom after that? I think this is not difficult to foresee.

It would be appropriate to remember that the Russian peasant followed Lenin because one of the first laws passed by the Soviet authorities was the Land Decree, which revoked private land ownership.

The transformation of the land into an object of private property capable of being bought and sold will be the greatest betrayal of past generations of peasants and of today's peasants. After all, a large proportion of them will turn out to be without land and will have to work as farm-laborers or hired hands. Who wants to do this?

Equality of all forms of property must be the foundation for restructuring economic relations in the village. The introduction of private property violates this equality. Moreover, private property is not a determining factor for effective production. Already in the 1920's our renowned scientist A. V. Chayanov, said that what is important to people is not ownership of the land but access to the land and being able to work it without interference and efficiently. After all, a private owner can be placed within an administrative-command framework and under economic constraints that would bring

him to complete ruin. Unfortunately, this is confirmed by the history of the development of collective forms of property, and this flaw itself has not been eliminated as of yet.

As for the development of farm (peasant) enterprises, we should keep in mind that for their development enormous material and financial resources are required. From the experience of Belgorod, Moscow, Orel and other oblasts we know that to create a single, strong farm (peasant) enterprise 300,000 to 500,000 rubles are needed.

The fundamental basis of land relations, according to data from sociological research by the Russian Academy of Agricultural Sciences and from a number of other institutes, is the recognition by the majority of the village and city population that land is a common national good and that only in individual cases can it be transferred or sold as private property.

The RSFSR Communist Party has a precise position on the land question, as presented in the Basic Directions of its operations, and I support this position wholeheartedly.

It is understandable that today's standard of living and work in terms of the peasant as manager is dissatisfactory to everyone. This is why I feel that a search should be made not in the direction of private property but in a change in the form of land management. Peasants can and must deal with this problem themselves—one might remain working in the sovkhoz or kolkhoz collective which has been rejuvenated by new intra-enterprise economic relations, while another will start a farmer or peasant enterprise with long-term leasing with the principal right to lease land on to his heirs. Life and experience prompt other variants and approaches. But all of them must be based on the fact that land is a common national good as well as on the understanding that the land that is left to the coming generation should be improved.

I would like to note that in utilizing the concept "sovkhozes and kolkhozes" I am not referring to their previous association with the command-administrative management system. We support the prevalence of new economic relations in enterprises themselves. Expediency and advantage to the peasant must be practically the sole "mandatory" factors. This is a most serious question, requiring many years of experience in creating an effective system. Such experience is accumulating in our republic. Of interest is the practical experience of developing effective interrelations within enterprises in the suburban Moscow Sovkhoz imeni Kalinin of Solnechnogorskiy Rayon and Progress Sovkhoz of Ruzskiy Rayon, in Kolkhoz imeni Lenin of Serebryano-Prudskiy Rayon and in Ramenskiy Agricultural Combine. The interesting experience accumulated in the enterprises of Belgorod and Orel oblasts, in Aksay Agricultural Combine of Rostov Oblast and in Kuban Agricultural Combine of Krasnodar Kray is also worthy of attention.

Only by interesting the peasant directly in the results of labor will it be possible to increase his contribution to the production of food products, to achieve an increase in land fertility and to create dignified living conditions for village workers. After all, it is the lack of responsibility and the alienation of the peasant from the means of production that have brought us to the loss of an enormous national good. In a number of RSFSR regions as a result of the violation of production technology, humus erosion processes—and humus is an important factor in soil fertility—have increased by 25 percent. In the Non-Chernozem Zone alone 6 million hectares of agricultural lands have been abandoned and have been overgrown with shrubs and new forest growth.

In the republic as a whole 58 million hectares of lands, including 43 million hectares of arable land are excessively acidic and over 18 million hectares of agricultural lands are overwatered and swampy. This speaks of the fact that our land is seriously ill and that heroic measures will have to be taken to save it. Only real managers—peasants with an interest in this—will be able to take such measures. They will protect the land as our ancestors did.

In conclusion I would like to congratulate the workers of the agroindustrial complex with our professional holiday and to wish them good health and success in work.

Commodity Market Establishment, Operations Explored

Ryazan Market Manager Interviewed

9/4B00424 Moscow ZEMLYA I LYUDI in Russian
No 34, 17 Aug 90 p 3

[Interview with Emil Lvovich Laykam, member of the commodity exchange committee and deputy general director of the VNPO [All-Union Scientific Production Organization], Agropromsnab [Agricultural supply organization], by reporter N. Aliyeva: "Without Funds and Limits: The All-Union Commodity Exchange for the Agroindustrial Complex Will Help to Organize Supplies to Enterprises"]

[Text] On 6 August 1990 the Ryazan Oblast executive committee registered the creation of a commodity exchange for the agroindustrial complex, which has acquired an all-union status.

A commodity exchange is an indispensable feature of the market economy. One of the initiators of the exchange, member of the exchange committee and deputy general director of the Agropromsnab VNPO, Emil Lvovich Laykam, discusses the exchange's goals and tasks, the mechanism of operations, the exchange's founders and members and various aspects of market activities with the daily's reporter, N. Aliyeva.

[Aliyeva] Emil Lvovich, please tell us what the goal is of the newly-created All-Union Commodity Exchange for the Agroindustrial Complex.

[Laykam] The exchange has been organized to increase the dependability of material-technical supply for kolkhozes, sovkhozes, lease collectives and farmer enterprises and also to stimulate production output for their needs, to bring unused and secondary resources into economic turnover, to establish fair prices for products and to regulate them on the basis of the relationship between supply and demand.

I will note that in the country the administrative-command system of management with the distribution of capital according to funds and limits flourished for many years. The transition to a market economy requires change in the previous principles of redistribution, and this is where the exchange will be of help. It will create the conditions for commodity exchange, sales and purchases.

[Aliyeva] This means that the specific functions of the exchange are...

[Laykam] The commodity exchange is called upon to deal with the following tasks:

- cooperating in establishing economic ties among participants of the APK [Agroindustrial complex] commodity exchange and in having participants conclude contracts on mutual product deliveries;
- implementing barter commodity exchange operations for the purpose of attracting products that are needed by kolkhozes, sovkhozes, agroindustrial firms and associations, leaseholders, farmers and private peasant enterprises;
- creating conditions for establishing fair prices for products and for regulating them with a consideration of the relationship between supply and demand;
- providing information obtained as a result of exchange operations concerning the real needs of the agroindustrial complex's market, the availability of material-technical resources and the possibility of utilizing secondary and unused resources.

It should be noted that with today's deficit of goods in the country's storehouses there are large quantities of unused material goods in storage. It is the exchange's task to help find and utilize these reserves.

The commodity exchange will also facilitate seeking out available capacities, including abroad, with the goal of organizing production output to meet the needs of the agroindustrial complex. It will also contribute to coordinating decisions on production and delivery of goods between the producer and the consumer. It will carry out middleman operations in foreign economic relations for participants in the commodity exchange, participate in organizing the work of joint enterprises and foreign firms and create commercial banks, credit-accounting centers and other commercial organizations for securing the

functioning of the financial-credit system of the commodity exchange. The exchange will also assist cooperatives in advertising and selling their products to consumers of the agroindustrial complex, propagandize their operations and implement advertising-information and publishing activities in the established order.

[Aliyeva] When was the commodity exchange established and by whom? Who may become a member and avail himself of its services?

[Laykam] A meeting of the founders and members of the commodity exchange took place in Ryazan on 24 July. Present at the meeting were 21 representatives of interested enterprises and organizations. Fifteen organizations became founders and members of the exchange, including USSR Gosnab's [State Committee for Material and Technical Supply] Glavagrosnab [Main administration for agricultural supply], Agropromsnab [Agroindustrial supply organization] VNPO, Ryazan Oblast Executive Committee of People's Deputies, Agromauchpriborservis [Agricultural scientific instrument service] VPO [All-union production association], UKSSR Gosagroprom's Glavagrotekhnab [Main administration for technical supply], Agrosnab of the Moldavian republic, UKSSR Gosagroprom's Ukragrostroy [Ukrainian agricultural construction association], Litagrosnab [Lithuanian agricultural supply organization] production-commercial society, Agroelektronika SKB [Special design bureau], the Ryazan Production Association for Poultry Raising, the Moscow Interrepublic Wine-Making Plant and the APEKS [All-purpose electronic computer] public fund.

The decision of the meeting to create a commodity exchange was confirmed by the Ryazan Oblast executive committee.

The resolution on the commodity exchange for the agroindustrial complex states that its institution is being implemented on the basis of the dues of founders. The dues may be paid via financial resources or with material goods by decision of the general meeting. A joint statutory fund of 3,424 million rubles has been created for the commodity exchange.

The founder who has paid his dues has the right to a share of profits from the operations of the commodity exchange in accordance with the size of his dues. If the founder leaves the organization (by choice) the dues he has paid in or their value at the moment of departure are repaid to him. I will note here that founders cannot be private individuals.

Kolkhozes, sovkhozes, agroindustrial associations, farmers, state, cooperative, foreign, joint and other enterprises and organizations that are involved in the acquisition and sale, as well as in middleman services for the purchase and sale of production-technical products in agriculture, can become members of the commodity exchange. Moreover, public and other organizations, local organizations of power, founders themselves as well as private individuals can be members of the commodity

exchange. The quantitative and personnel composition of the commodity exchange membership is determined at the meeting. Exchange members pay annual dues of 2,000 rubles, which are not returned after the year is past but which give the right to the free use of exchange services.

Those who wish to participate in the exchange's measures, as for example exchange trade organizations, should pay one-time dues of 100 rubles.

[Aliyeva] What is the structure of the exchange?

[Laykam] The highest organ of the exchange is the general meeting of its membership. It is able to examine and confirm regulations, schedules and rules for holding general meetings of the commodity exchange members, for other exchange meetings and for election of exchange committees. It deals with general financial and organizational problems, as for example determining the size of dues, the admission price for permanent and one-time visitors who are not exchange members, payments for services rendered by the exchange and similar things.

An exchange committee consisting of 13 individuals was elected at the founding meeting. Elected as committee chairman was Aleksandr Khasanovich Yafarov, director of USSR Gosnab's Glavagrosnab, and as his deputy—Aleksandr Vasilyevich Kalashnikov, general director of Agropromsnab VNPO. The exchange committee manages the operations of the commodity exchange in the period between the general meetings of its members, which take place twice a year. It has at its disposal financial resources and other exchange property, regulates all ongoing operations and carries out all basic executive, allocation and economic functions.

The inspection commission, consisting of three people, belongs to the subdivisions of the commodity exchange. It inspects the financial accounts of the exchange, analyzes administrative-economic operations and prepares proposals to improve them.

Other subdivisions include the arbitration commission, the departments of prices, additions to prices and tariffs, intra-union and export-import marketing, and several bureaus—for contracting for exchange transactions, auction sales, payment for middleman services.

[Aliyeva] What will these departments and bureaus be involved in?

[Laykam] I will talk in brief about each one. The main function of the arbitration commission is control over the correctness of formulating transactions, the examination of disputes arising between members of the commodity exchange as well as between sellers, buyers and exchange middlemen (brokers) in the process of concluding and fulfilling transactions, and others.

The department for prices, additions to prices and tariffs is involved in determining reference sales prices and in the preparation of quote bulletins (let me remind you that quotes establish the rate of exchange, and in this

case—the price of goods on the exchange). The department will constantly analyze the movement of market prices and prepare the corresponding recommendations to exchange middlemen. It will also inform members of the exchange trading organization about the movement of market prices for products sold by the exchange and about account-keeping involving these products.

The marketing department studies and analyzes supply and demand and market competition among products sold by the commodity exchange, controls its quality and correspondence to standards and carries out other functions as well.

The bureau for contracting for exchange transactions registers transactions involving the purchase-sale of agricultural and industrial-technical products, implements controls over the course of contracts concluded by exchange middlemen and prepares transaction materials on exchange transactions that have been concluded for the quote commission.

The bureau for auction sales organizes auctions and markets for the sale of products that are in exceedingly short supply as well as sales of above-norm and secondary resources.

The bureau of payments for middleman services organizes and controls accounts dealing with intra-exchange and inter-exchange operations, receives payments in predetermined cases from exchange middlemen and other participants of exchange transactions for every exchange contract, and informs the seller of products of the address to which it is essential to make deliveries.

[Aliyeva] Tell me please about the mechanism of functioning of the exchange.

[Laykam] Our commodity exchange will be an ongoing operation. Its departments have been equipped with highly qualified staffs. But trade operations themselves and transactions will be implemented on a strictly-determined day—the day of exchange trading. The beginning and the end of the exchange day is strictly fixed. The point of this is the maximum concentration of supply and demand in time and space.

Exchange transactions for the acquisition and sales of products are concluded in a specially-equipped place in the commodity exchange. Incidentally, our exchange was created in Ryazan accidentally. The fact is that Agropromsnab VNPO has at its disposal a powerful information-computer center and a developed scientific potential and infrastructure. Within the latter we can include storage facilities and a hotel.

Computer technology enables us to equip well special exchange sites that are united by means of an electronic screen located in the center of the hall and divided into two parts: "Demand" and "Supply." It displays information about goods that are offered and needed. The

information on the screen changes constantly with a consideration of the transactions that are completed and of new orders.

Participating in exchange trading are middlemen (brokers) as well as permanent and one-time visitors to the commodity exchange representing enterprises and organizations and endowed with special authority.

In the process of exchange trading transactions can be concluded between two exchange middlemen, between exchange middlemen and visitors or between exchange middlemen and members of the commodity exchange. During the period of exchange trading it is prohibited to conclude transactions without the participation of the exchange middleman.

[Aliyeva] What can be the object of trading?

[Laykam] The All-Union Commodity Exchange for the Agroindustrial Complex is universal. Here transactions are concluded for the purchase or sale of the most varied products, both agricultural as well as industrial. However, until our ruble gathers the necessary strength those who are selling agricultural products and who use the capital they acquire in this way to buy technology, building materials and other industrial goods will be in the more advantageous position. It is no secret that right now barter is strongly developed. In this case the kolkhoz or sovkhos sells meat, vegetable or fruit to the industrial enterprise, and in exchange receives its products. The commodity exchange will lend these transactions the proper direction and the mutual interests of the sellers and buyers will be retained.

It is the exchange with its extensive information that will enable us to find the buyer for unsold products, and will tell the producer which goods are in demand at a particular time and which items will be in demand tomorrow.

[Aliyeva] You said that those agricultural enterprises which come to the exchange not only as purchasers of industrial goods but as sellers of agricultural products as well will be in an advantageous position. Then what should the beginning leaseholder or farmer do?

[Laykam] We understand the need to develop all forms of management and plan to develop a regimen of most favored status for the leaseholder or farmer. But I want to remind you that the commodity exchange is a cost-accounting organization and payment is required for its services. Incidentally, I think it is more advantageous to make this payment than to look all over the country for the best place to acquire the needed material-technical resources or to find a buyer for agricultural products.

[Aliyeva] When will the first exchange trading take place and what is needed to participate in it?

[Laykam] Exchange trading will take place on 25 October. All participants will be given assistance in

establishing firm business ties and in concluding contracts for the delivery of production-technical and agricultural products and in acquiring and selling material-technical resources and agricultural products. Information will be provided on supply and demand for the goods that are of interest.

We invite kolkhozes, sovkhoses, lease collectives, farmers, industrial enterprises and organizations of the agroindustrial complex, enterprises of the processing branches as well as information-commercial centers whose products may be sold to participate in the trading.

To participate in trading it is necessary to send a list of products to be sold with an indication of the quantity and prices, as well as a list of products needed. Documentation for participation in trading and lists must be submitted no later than 10 October at the following address: 390035, city of Ryazan, Shchorsa Street, 38/11, VNPO Agropromsnab, exchange. Telephone for information in Ryazan: 72-24-46 and 75-47-29.

Those who wish to participate in exchange trading must transfer 100 rubles to the current account Number 563201 in the operations administration of Agroprombank, city of Ryazan, MFO 248011.

Ryazan Market Begins Operations

914B0042B Moscow ZEMLYA I LYUDI in Russian
No 46, 16 Nov 90 p. 5

[Article by Yu. Grachev, special correspondent for ZEMLYA I LYUDI, Ryazan: "Exchange Opens Trading"]

[Text] Our newspaper has already reported about the fact that a permanent commodity exchange for the agroindustrial complex has been created in Ryazan. It has been given an all-union status since its sphere of operations is being extended to all regions of the country.

Upon the initiative of the exchange committee the first open trading of material-technical resources and agricultural products took place recently. Merchants came here with their products from many oblasts and republics. Over 500 people—representatives of industrial enterprises, kolkhozes, sovkhoses, leasing and farming collectives, middleman and supply organizations, and enterprises of the processing and food industries participated in this market of material resources.

The Merchant Offers Products

Exchange trading is a new step in the practice of material-technical supply of the agroindustrial complex. In contrast to wholesale markets, where products of particular collectives are presented in so-called natural form and where the purchaser can examine and feel them, here the goods are hidden in the orders of trading participants, in preliminary lists and in computer documentation. Data about them enters the computer and then appears on a screen or on an announcement board.

Figuratively speaking, every merchant brings his products in a briefcase or in a small box and submits them to the information service together with documentation of his right to participate in trading for his organization. Entrance to the facility where the exchange trading takes place is by ticket or subscription. The entry ticket, costing 25 rubles, allows one to enter the exchange only for the purpose of becoming generally acquainted with the products being offered. Direct participation in trading itself is possible with the purchase of a subscription for 100 rubles. Founders and members of the exchange enter the facilities free of charge according to special certification.

However, free of charge does not mean gratis. In order to become a permanent member of the exchange one must first pay 2,000 rubles. Every founder pays dues of a minimum of 50,000 rubles. Thus from the first steps one must count one's money and rely on one's commercial talent in everything. After all, the exchange is a trade organization with a middleman profile and everything here has been placed on a commercial basis. In other words, trading participants must pay for everything, as in any market for material resources.

Most products on the exchange are sold through brokers, each of whom is assigned to a strictly limited group of products. But enterprises that participate in trading and that want to independently find their counter-agent and conclude trade transactions can acquire their own work place or office at the exchange. A work place costs 500 rubles, and an office—1,000 rubles. Now that all preliminary conditions have been met it is possible to begin the trading itself. What did merchants who came from various regions of the country to Ryazan buy and sell?

V. Trapkovskiy, chairman of the state cooperative association, Krasnodarpishchekoopsnab [Krasnodar food cooperative supply association], states:

I brought oil-based paint, drying oil and several forms of equipment for the food industry. Of course these products could have been sold locally—many enterprises and farms in the kray are experiencing a shortage of such products. But we would like to implement a unique exchange here and purchase building materials, rolled metal and some types of equipment that is in short supply. This is my assignment from the kray's rayon food combines, which have become the founders of a supply organization.

A. Baykulov, director of the interr rayon enterprise of Agrosnab, Surkhan Darya Oblast, states:

We need agricultural equipment—excavators, grain combines, various types of tractors, plows...As of now we have been successful in purchasing excavators. I feel it was a very good transaction. For the entire oblast I acquired 25 imported excavators. Each machine costs 80,000 rubles. The oblast agroprom committee will transfer two million rubles to the trade base.

Kolkhozes and sovkhoses are awaiting this equipment with great impatience. Under the agricultural conditions in Uzbekistan these are very needed machines. Each of them carries out four technological operations, which it would be difficult to do without in agricultural production. These operations include digging trenches up to six meters deep, and loading and unloading various freight, including manure on farms. Most importantly, such an excavator is capable of carrying out all of the operations of a truck crane, which is valuable for village construction.

Thus 80,000 rubles is a good price. We are satisfied. I think that Soyuzmashimport [Union machine import association], with whom the commercial contract was concluded, is also happy to deliver this equipment.

V. Kuzmin, representative of the Saratov Oblast association of leaseholders, agricultural cooperative members and farmers, states:

Our association's commercial center serves farmers, leaseholders and village cooperative members of 20 rayons. We have taken upon ourselves the organization of material-technical supply for village workers under conditions of a market economy. Peasants need the most varied technology, but especially the kind that can be used in small enterprises. I have many orders for such equipment and I hope to fill a significant portion of them.

The majority of founders of our association are involved in livestock production output; some leaseholders specialize in grain production. This year they have been successful in selling their products in local markets. Thus I have come to the exchange trading only as a buyer. The association's collective has also mandated that I join the permanent membership in order to participate actively in all subsequent trading.

All Roads Lead to...the Broker

In the words of V. Ye. Kindyakov, deputy general director of the APK trade exchange, the first Ryazan trading offered dozens of the most varied products—tractors, grain, spare parts, slate, lumber, honey, fine wines, equipment for livestock farms, drying oil, paint, meat, furniture, vegetable oil, furs, household goods and even airplanes for agricultural aviation. All of this was sold and bought, but most frequently via barter. In other words, the majority of participants in exchange trading wanted concrete products in exchange for the goods they were offering.

For example, Krasnoyarsk Lespromkhoz [Timber industry enterprise] offered lumber and round timber for sale. But it needed tractors and livestock products. Sovkhoz imeni 40-Letiya Oktyabrya, Mikhaylovskiy Rayon, Ryazan Oblast, was selling 30 tons of pork and needed cement in return. The representative of Lithuania's agrosnab had the cement (a total of about two tons). But he wanted to buy metal. The Chelyabinsk Metallurgy

Combine, represented by a member of the supply service, was able to sell metal, but under the condition that he buy meat, potatoes and grain. Grain was supplied for trading by the enterprises of Rostov Oblast. However, they needed lumber. From this same oblast Kolkhoz imeni Kuybyshev brought vegetable oil (50 tons) and also wanted lumber materials in exchange.

The collective of Vinograd NPO from Nalchik wanted to buy pipes, channels, building materials and rolled metal. It offered fine wines, which today is a product that is no less in short supply. The Dalpushnina VNPO offered sable and mink furs for sale as well as round timber. The representative of this association was basically interested in procuring grain from Rostov Oblast. The Belorussian agrosnab brought potatoes to Ryazan and asked for building materials. Magnitogorsk Metallurgy Combine presented a very unusual product at the exchange—a guillotine knife for cutting metal. In exchange it wanted to buy meat.

This was the trading that took place at the APK exchange in Ryazan. Abundant goods, many sellers and buyers, and a variety of commercial transactions required the organization of an entire system that would facilitate the normal course of exchange trading. Within this system one of the most important places is occupied by brokers, who are important middlemen between sellers and buyers. There are 30 of them at the exchange. Each is assigned to a certain group of goods. For example, brokers A. Kostenich, N. Vagin and A. Pashkov are in charge of automobiles, tractors, excavators and road-building equipment. Consumer goods, equipment, metal, electrical equipment, packaging, and special clothing pass through brokers P. Semyagin, Yu. Vagin, N. Orlov, V. Barsukov, and P. Yeregin. Brokers S. Kalashnikov, L. Natanzon, S. Izrantsev and V. Ivkin are responsible for livestock products. Seed is the sphere of activity of brokers Ye. Yakunina and T. Gorelkina and fruits and vegetables—of T. Soldatova, I. Sergeyeva, I. Kryuchkov, and S. Kamyshev. This is the case for all types of industrial and agricultural products.

V. Orlov, broker for the APK trade exchange, states:

The broker is a trade middleman. It is my job to help buyers and sellers find each other and conclude their contracts. This is not a simple task if we consider that merchants who have come to exchange trading have only five days. How is it possible to select the needed goods and to formulate the transaction during this time? It is easier for me to do this because I receive orders for spare parts to tractors, automobiles and agricultural machinery. This is my group of goods. I enter all of the information in the computer and with its help obtain various variants of trade transactions.

For example, the representative of the Fergana Oblast agrosnab requested that I obtain gaskets, hydrocylinders, water radiators and wheels for a T-4 tractor. The computer told me that the Tula PO [Production association], Agropromsnab, could sell these products. All I had to do

then was unite the buyer and the seller, help them come to an agreement about prices and formulate a contract for a trade transaction. This kind of agreement, strengthened by the exchange's stamp, has legal power. In the case of a violation both parties bear material responsibility.

Of course this is not the limit to the broker's work. After all, during the time of open trading not every participant has had time to find the goods he needs and to sell his own. If desired, trading could continue, but already by correspondence, giving the broker the assignment to look for the needed products in the course of a certain period of time—2-3 months, let us say. A special contract is concluded to this end and the exchange also bears the material responsibility for fulfilling it.

According to the resolution, brokers are not staff workers for the exchange. They are recruited for work on the basis of labor agreements and contracts. Their wages depend wholly on the number and quality of trade transactions. For each such transaction they receive a certain percentage in rubles or hard currency. Thus the interest of the broker in the development of free market trading is the most direct. Moreover, his commercial operations are not limited to open trading alone (open trading is instituted only 3-4 times annually), but continue on an ongoing basis, or more specifically, for the period for which the broker has concluded the contract. This can be a year, two, three or more.

Each day from 0900 to 1800 hours brokers receive orders for the purchase and sale of the most varied goods in their offices. The orders come in by telephone, teletype and letter. One can come in person. Here the merchant will always be greeted in a friendly manner and an attempt will be made to conclude a contract with him that is mutually advantageous.

It should be added that a certain percentage is deducted from every trade transaction for the good of the exchange. The money that is obtained in this manner is used to pay the exchange's staff as well as to strengthen the exchange's material-technical base.

Instead of a Commentary

Today, when the first open trading on the APK exchange is over, we can summarize certain results. There is no doubt that the road that the supply service of the agroindustrial complex has chosen for itself during its reorganization is promising and advantageous for the continued development of agriculture and the food and processing industries. This was attested to by most of the participants in the general meeting of the exchange.

However, something else was noted. Free market trading of industrial goods was not carried out to the full extent of the concept. In practical terms an exchange of resources in natural form was taking place. In other words, to acquire a product one had to usually offer one's own as well. The representative of the commercial center of the North Ossetian agroprom committee, for example,

was not able to acquire MTZ-80 tractors simply because he did not have 500 cutting tools, which were being asked for in return for this transaction. He went home empty-handed even though he had money to procure a dozen such tractors.

Of course this is not the exchange's fault. It is understandable that a noticeable fall in industrial production within the country and the general shortage of resources is having a negative effect on the organization of market trading. The mechanism of meticulous distribution of material-technical resources according to funds that is still in effect is a considerable hindrance to the development of exchange trading. After all, it is no accident that the main partner of the agroindustrial complex—USSR Minavtoselkhoz mash [Ministry of Automotive and Agricultural Machine Building]—participated very little in open exchange trading. Many merchants who had come to Ryazan were very much surprised about this.

However, there is nothing to be surprised about. Many enterprises of this ministry have practically no free products. Most products are dealt with via state orders. If anything is left over, it is bought up immediately.

Still we feel that these are just temporary barriers. The general transition of the national economy to a market economy will remove them and the activities of the trade exchange will take on a purely-commercial nature in which the ruble will be the main operating "party".

Results Exceed Expectations

914B0042C Moscow SOYUZ in Russian No 46,
Nov 90 p 14

[Article by Pavel Alekseyev: "In a Poor Country the Storage Facilities are Full"]

[Text] The result exceeded expectations—during a week of trading on the first all-union trade exchange of the agroindustrial complex in the country in the city of Ryazan, transactions valued at 12.5 million rubles were concluded.

What is surprising is not the total sum of transactions—you will not surprise us with a million in profits or a billion in losses—but the assortment of goods itself. As if with the wave of a wand not only agricultural equipment and spare parts but even the products that are the most in short supply—mink furs, cranberries, Krasnodar wine and Bashkir honey—came creeping out of the "homeland's storehouses."

I cannot hide the fact that at one time I was very surprised by the remarks of foreign businessmen that the Soviet Union is a very rich country. Involuntarily I would glance around—where were all of our riches? It was said they exist. How strange, most of them were in "bins" and "storehouses." In our country of unlimitedly developing socialism innumerable treasures are awaiting their hour in hiding.

It reaches the heights of the humorous—the producer is perplexed. He asks, "To whom should I sell?" and the buyer, tongue hanging out, worries: "From whom should I buy?" However, we should be more precise—selling for rubles has long been in disrespect, in the trading market barter is flourishing on the order of "I have guttering metals and need lumber."

Actually during the first stage of its operations the Ryazan exchange is trying to deal with this problem and to bring the buyer and seller together. Counter to all laws of capitalist savings, when surplus goods are thrown onto the market, our Soviet exchange arose and began to grow under conditions and thanks to the general shortage of all sorts of goods.

About 1,000 enterprises from different regions of the countries as well as representatives of foreign Japanese, Finnish and Polish firms participated in the first exchange trading.

The groundwork has been laid. Now, as reported by Aleksandr Kalashnikov, general director of the All-Union Commodity Exchange, the exchange is operating on a daily basis, but extensive trading will occur when needed and when information has been gathered about barter transactions. Any enterprise, farm, farmer or leaseholder can submit a declaration concerning what is requested and what goods can be exchanged in return.

In the opinion of economists, it is barter transactions that are a type of "saving circle" for our drowning economy. But as the market becomes filled with goods the exchange workers will become more involved in the sale of goods and not in their exchange. The exchange will have an effect on prices and will help to stabilize the ruble.

Thus many directors of enterprises have reason to wonder if they should shake their storehouses. The next extended trading on the All-Union Commodity Exchange will occur on 9-14 December.

Conference to Establish RSFSR Market

914B0042D Moscow SELSKAYA ZHIZN in Russian
10 Nov 90 First Edition p 2

[Article by Ye. Petrakov and S. Chudakov: "Russia's Trade Exchange"]

[Text] Merchants in the agroindustrial complex will soon have another commodity exchange. Founders have made a decision to create the Rosagrobirzha [Russian agricultural exchange] in Moscow. It will begin operations in February 1991. Today the exchange committee is carrying out organizational work to develop the necessary structures.

Included among the founders of the exchange are the RSFSR Ministry of Agriculture and Food, the USSR Ministry of Automotive and Agricultural Machine Building, Rosinterbank, Rospotrebsoyuz [Russian union of consumers' societies], Rosagrosnab, USSR VDNKh

[Exhibition of Achievements of the National Economy], agroindustrial associations and many other organizations, totalling about 30 in all.

"Russia's agroindustrial complex," said V. M. Belchenko, RSFSR deputy minister of agriculture and food products, at the beginning of the meeting of exchange founders, "is the largest consumer of material-technical resources and at the same time the largest producer of goods and jobs. Today about 80 percent of all products are received by our agricultural complex in a centralized manner through Rosagrosnab. The art of direct ties for the remaining 20 percent is just beginning to be assimilated."

The commodity exchange that is being created will be a help in this. The exchange will be a commercial enterprise operating on a regular basis where transactions will be made regarding the buying and selling of goods and where prices will be set for these goods. Today we have become accustomed to three types of prices—state, cooperative and kolkhoz market. Now we will have a new form—exchange prices.

The situation requires the immediate organization of the exchange, noted the founders who spoke at the meeting. Barter transactions that are being carried out today are ravaging the village. The following example was given. An automobile plant asks for the delivery of 75 tons of meat for a Volga car. This is the most honest plundering, confirmed the speakers.

The exchange will provide realistic price quotes and the opportunity for any participant to receive information about supply and demand.

The most important thing is to take all measures to protect the interests of kolkhozes, sovkhoses and individual farmers—of everyone who produces food in the republic.

The main link of the exchange will consist of three basic trading organizations—for agricultural products, machine building products, and raw materials and material. Inter-exchange operations are also planned. Exchanges should also participate in auction wholesale fairs.

In the course of the exchange of opinions among founders the desire was expressed to open the exchange as soon as possible. Let mistakes occur. We will get our lumps but will gain real experience which will help us in the future to function successfully. It appeared that most participants felt this way. But the difficulties that arose, including obtaining a facility, and other purely technical problems evidently will not permit us to open the exchange before February.

Barriers to Peasant Farming Encountered

Interview with RSFSR SupSov Leader

914B0039A Moscow: SFLSKAYA ZHIZN in Russian
31 Aug 90 Second Edition p 2

[Interview with B. M. Isayev, Deputy Chairman of the RSFSR Supreme Soviet, by T. Boykova, parliamentary correspondent for SELSKAYA ZHIZN: "Land—For the People"]

[Text] Today our path is tortuous and complicated and for this reason we greet each new day, each new turn, with such concern and hope—what will the day bring, what will its consequences be? If some sort of ray of light bursts forth, finally promising if not a stabilization of the situation then at least a fairly clear path toward it, it becomes a little easier to live. The special RSFSR Congress of People's Deputies may become such a ray of hope. More precisely, its decisions, the totality of which represent the concept of the revitalization of the village and the development of the agroindustrial complex, will become this ray. Some of its aspects will be discussed today by our reporter and B. M. Isayev, Deputy Chairman of the RSFSR Supreme Soviet.

[Boykova] Boris Mikhaylovich, what is the essence of the new ideas?

[Isayev] This idea can be conceptualized as a plan of action for the purpose of the revitalization of the Russian village. Everyone is aware of the status of the village today. We also know that since the 1930's, despite a mass of experiments, we have not been successful in achieving even the smallest improvements in the status of the village as a whole. It seems that we have tried everything. The result is that the Russian village is in agony. The reason for this is clear—the manager of the land has been eliminated. This means that in order to revitalize the village we must revitalize the manager. This is possible in only one single way—to give him the land. Thus the basic content of the concept involves changing production relations within agriculture. This is their main essence. Right now work is being done to discover and provide a foundation in the form of a package of the most important documents being readied for discussion at the coming fall session and then for passage by the Congress. The package includes the "RSFSR Land Code," and the RSFSR laws, "On Land Reform," "On the Peasant (Farmer) Enterprise," "On Social Policies in the Village and the Revitalization of the Russian Village," and a number of others. Some of these drafts have already been published in SOVETSKAYA ROSSIYA and SELSKAYA ZHIZN.

[Boykova] Without doubt each of the aforementioned draft laws is worthy of the most detailed attention. But let's limit the subject under discussion to one of the resolutions, in which the changes are most obvious.

[Isayev] Probably the example we should choose is the following. The new "Land Code" introduced the term,

"land ownership" to replace the former, "land use." This means the right to buy and sell land and to pass it on to heirs.

[Boykova] And who, according to this idea, will be the primary landowner?

[Isayev] Soviets of people's deputies on various levels, and this means the people directly.

[Boykova] In other words you are completely altering, at least in the Russian Federation, the land situation. Whereas up until now it has belonged primarily to the state, then to the collective (kolkhozes and sovkhoses) and in last place to the individual, now the opposite is being proposed—the individual, the collective and the state. How will this kind of transformation look, at least on a preliminary basis?

[Isayev] This is how it is envisaged. On the basis of the law, "On Land Reform," all land will be transferred to Soviets, and then they will transfer or sell the land to the collective or to individual citizens on a basis of total equality.

[Boykova] What will this be like, with the example of a specific enterprise?

[Isayev] Well, let us say if all of the land belonging to a particular kolkhoz or sovkhos is divided among the people working in it, the result can be considered each individual worker's share. If someone wants to leave the enterprise and work independently he is allocated a parcel of land, the size of which is determined by means of such a division.

[Boykova] If someone wants to leave the enterprise, what does he have to do?

[Isayev] He will have to write a declaration. It will be examined by the soviet of the labor collective, which will assign him a certain plot of land and the village soviet will formulate a state decree on land allocation.

[Boykova] The individual will receive the land free of charge?

[Isayev] Yes, workers of kolkhozes and sovkhoses receive their land parcels free of charge when they leave the enterprise.

[Boykova] Then to whom will land be sold?

[Isayev] To outsiders, that is to people who are not workers of a given enterprise.

[Boykova] Can it happen that, let us say, in some enterprise in Krasnodar Kray the land parcel will be one hectare in size per worker, whereas in depopulated Smolensk Oblast the parcel will be larger by a factor of 10?

[Isayev] Of course. But the land itself is different, as is the infrastructure.

[Boykova] Then how will the price of land be determined, and what about this aspect of the matter in general?

[Isayev] An answer to this question is now also at the stage of being developed. But right now on a preliminary basis this is being foreseen in the following way—a point-hectare is being used as the basis. Let us say that in Krasnodar Kray land is assessed at 20 points, whereas somewhere in the north—at 1 point. This means that the price of a hectare will be lower by a factor of 20. But I repeat that all of this is still conditional.

[Boykova] I will ask you the most commonly-asked question. Won't the accursed shady operators buy up all of the land?

[Isayev] I will answer you by saying that protective measures are also being developed against this. If the seller does not have to ask permission of anyone for this action, then the purchaser will. After all, the parties will come to the land committee to legitimize the purchase. Such a land committee will be created in every village soviet, and it will look at what kind of person is buying the land. The state decree on land ownership will be received only by those who can prove that they can cultivate the land themselves and that they have knowledge and experience in agriculture. Incidentally, the land committee will have to implement controls over land use. If the land falls into bad hands then in accordance with the law it will be confiscated, and perhaps even without compensation.

[Boykova] I would like to make this more precise. The owner will not be able to sell it to the one who promises much more money?

[Isayev] No, he will not. The sale of land will be free, but not uncontrolled. Control is being assigned to the local soviet. Incidentally, this is the way things are in many countries. In the U.S., for example, there are farmers' councils which will not sell land to just anyone.

[Boykova] This will exclude the possibility of speculation?

[Isayev] Yes. In order to avoid this very strict controls over land sales are being implemented.

[Boykova] Who will implement such controls in the republic as a whole?

[Isayev] The state land reform committee. We are thinking of making the entire land arrangement service in the Russian Federation, which now operates within the framework of the agricultural ministry, subordinate to this committee. This decree, incidentally, has a greater goal than simply to combat potential speculation. The state committee will bear the responsibility for the condition of all of the land in Russia. There is a goodly amount of such land—1.709 billion hectares. Forty percent of it—about 650 million hectares—is earmarked for agricultural purposes. The committee will implement

non-departmental, independent control over the effective use of this good that belongs to the Soviet people.

Moreover, we are thinking of creating a land bank within this committee. It will decide all questions related to carrying out various operations on the land, will implement strict controls over the tax system, will finance measures related to improving land arrangement, and so forth. But I repeat, all of these are details which we are still speaking about very conditionally. The documentation is just being prepared and will be discussed at the session that opens on 3 September. The congress will make the final decision. A great deal can change within this process. Moreover, I must say that even today the majority of the most important resolutions do not agree with each other. After all, all drafts are being readied on an alternative basis. This must be taken into account.

[Boykova] Now, probably the most important question. Isn't it possible that all of these revolutionary innovations and new Russian laws will "be in limbo," as has happened with the most important laws passed by the national parliament?

[Isayev] I hope not. We have learned from the bitter experience of the Union, and for this reason at the same time as we are preparing new draft laws we are developing a mechanism for implementing them. This is actually the most important thing. Without this laws will remain on paper. The actions of executive organs are being specified clearly and precisely regarding who has to do what and at what level with a personal responsibility for what is done. In addition, and this also is extremely important, a material-financial aspect to securing the vitality of the laws is being developed. Lastly, a large group of experts, scientists, specialists in different areas of science and practice are now making prognoses after analyzing all possible consequences, both positive and negative, that might result from particular decisions. In this way we are trying to protect the decisions of the Russian parliament from any blocking or counteractions ahead of time and to create a maximal complete mechanism to protect the interests of the individual working on the land and to create for him complete freedom to display creativity and initiative. All of this taken together can become an adequate guarantee of the fact that the decisions of the RSFSR people's deputies will not remain in limbo.

[Boykova] Under the one condition, probably, that the decisions will actually touch the deep interests of the peasantry and will become for them a promise of personal advantage. Is this factor being taken into account?

[Isayev] Not only is it being taken into account, it is the factor that is being stressed. We support the private interests of the individual!

[Boykova] In this case we can assume that there will be a great deal of opposition to the new draft laws, including among agricultural workers and not only among the administration. First and foremost the authors of the law will be accused of trying to once again reestablish the

kulak-bloodsucker in the village, and elements of capitalism in the republic. After all we should not forget what has occurred in the psyches of villagers during the last 10 decades...

[Isayev] Tell me, who knows another way of developing people's initiative? How can we recreate the manager? And isn't this year's harvest an argument for it, considering that in a number of regions in the republic due to a lack of organization and sometimes of irresponsibility such a harvest is threatened with ruin? After all, this is a rare, unheard-of gift of nature or of fate. I don't know how it would be better to express this, yet we are shrugging our shoulders, saying that we have no machines, no fuel, no machine operators, no elevators and no railroad cars!...A manager will not allow his scarce potatoes to perish on his private plot—even in the rain or darkness he will harvest them all, he will have his children, his wife, his old grandmother help, will do all the work manually, but will not abandon them. Yet here the grain...

Of course, we know that laws will not be implemented easily. For example, the Agrarian Council of Russia has already rejected some of the main points of the draft Land Code. Yes, there will be great opposition, but I see no other road. Let's look again at the present harvest season. The government, departments and railroad workers all sincerely want to do everything they can, but it is not happening. The keys for this do not exist within our administrative-command system. For this reason all decisions and all extraordinary measures are having practically no effect. This means that we must finally cardinaly deal with the problem, make the transition to a multi-layered economy, and think about everyone's interests.

Today the kolkhoz-sovkhoz system still cannot be replaced by anything else in production output. This is the case and no one can argue with it. But a real possibility for a solution, involving one's own parcel of land, will facilitate further acceleration of the process of transition to a multi-layered structure, interest in work, and the stabilization of the situation in the village and within the republic as a whole.

Follow-Up Letter Expresses Doubts

914B0039B Moscow SELSKAYA ZHIZN in Russian
29 Sep 90 Second Edition p 1

[Letter to the editor by N. Lyakishev, Golunskiy Village Soviet, Novosil'skiy Rayon, Orel Oblast: "'Land—For the People' (31 August)"]

[Text] The problem is that no one asked the people whether they would take the land. No, they will not. The reason is not that the mechanism has not yet been worked out, as the article states. It is not important who allocates the land—the kolkhoz or the soviet. What is important is that without the kolkhoz no one will be able to cultivate the land. And you want to eliminate the kolkhoz. The deputies should conduct an experiment.

Take about 50 hectares in the spring, sow them, cultivate the harvest and carry out harvesting operations. After that, make the decision in the fall. The decision will be a completely different one. The peasant sits on a machine, generations of people have replaced each other, and a new form of life has come to the village. And you are calling us back to what has passed.

Follow-Up Letter Points Up Problems

914B0039C Moscow SELSKAYA ZHIZN in Russian
13 Oct 90 First Edition p 1

[Letter to the editor by N. Kokopkin, settlement of Sakhzavod, Lipetsk Oblast: "Land—For the People" (31 August)]

[Text] The author writes that each kolkhoz farmer or sovkhoz worker has his own share of land and if he wants to leave the enterprise he will receive a parcel of land free of charge. What about the person who worked for 40-50 years in the kolkhoz (and whose parents contributed everything during collectivization) but who at the present time does not live in the given territory? He is obliged to buy land, whereas the person who has worked in the enterprise for only 1-2 years will receive it for free. Is this fair? We chop a lot of wood, but we don't seem to get any heat from it.

I do not know what you plan to do with my comments. I do not trust you very much, because once I wrote to you and you did not publish my letter. God be with you.

Giving Up Farming

914B0039D Moscow SELSKAYA ZHIZN in Russian
25 Sep 90 First Edition p 1

[Article by L. Kisileva, livestock farmer, Kovylkinskiy Rayon, Mordovian ASSR: "And Now I Am Leaving the Farm..."]

[Text] After finishing school with grades of "good" and "excellent" and answering the call of the Komsomol, "Young people—into livestock raising!" I went to work on a farm with my friends, where we received a firm wage of 160 rubles and the promise of certain privileges. Only two of our friends found a job after the 10th grade in the executive committee of the village soviet, as a bookkeeper and as a secretary (now called a "village soviet specialist").

We took courses in operating machine milking, received our documentation and at first worked with zest. But we were disappointed that the promised curtailment in the kolkhoz management apparatus did not take place and that there were more bosses in the office and on the farm. The entire village greeted the increase in the staff of the local soviet with particular anger and indignation. Everyone is indignant about why two chairmen were hired in the village soviet—a soviet chairman and an executive committee chairman—with enormous wages of 420 and 380 rubles respectively. For what services? We are vexed to

the bottom of our souls because our girl friends receive 280 rubles for writing 5-6 pieces of paper per day in a warm workplace and because they have two days off.

It is incomprehensible why the soviet and government are carrying out anti-people policies and are paying large salaries to the "drones" and not to the worker bees who get up early and work hard. I think that after such decisions the city will not have more produce and that villages will remain without residents.

Today, during the era of universal secondary education there is no point in trying to fool the people. I am sure that no one would be indignant if you raised the wages of livestock workers, farmers and machine operators who work in all types of weather, or of poor rural medics, who are called upon day and night, during holidays and days off. People say that village soviets need not two chairmen but transportation for the village soviet. And why is so much paid to consumers and not to producers? Due to this injustice my girl friends and I have decided to leave the farm, because we cannot force our hands to do good work.

P.S. Dear editors! I know that you will not print my letter, although I would like you to very much because it reflects fresh facts from village life and concerns many honest village workers.

Follow-Up Letters Support Complaints

914B0039E Moscow SELSKAYA ZHIZN in Russian
13 Oct 90 First Edition p 1

[Letters to the editor by A. Karaychentsev, tractor operator, village of Popovka, Korochakskiy Rayon, Belgorod Oblast, and by O. Stepanchenko, village of Kulbaki-1, Glushkovskiy Rayon, Kursk Oblast: "And Now I Am Leaving the Farm" (25 September)]

[Text] "And now I am leaving the farm," writes milkmaid L. Kisileva. I read the article and could not continue reading the newspaper. What a brave woman she is. Not everyone will dare to write such a letter. Her patience has worn thin. The real village worker who feeds himself and the country is truly indignant about such a turn of affairs. [Signed] A. Karaychentsev.

P. S. Thank you very much to the editor-in-chief and the editorial board for the newspaper.

I am completely in agreement with milkmaid L. Kisileva that there are "drones" sitting in the village soviet and earning 380-420 rubles while milkmaids and hogkeepers work in the kolkhoz for 180-190 rubles, without days off or holidays. I also worked in a kolkhoz from the age of 14 to the age of 47 and was burned out. They gave me invalid category two and I receive 95 rubles, 90 kopecks. I pay 40 rubles per year for my apartment, 30 rubles for the telephone and 5 rubles for the radio. Each month my medicines cost me 30-35 rubles. I must bring in 3 tons of coal (it is said that coal will become more expensive). To buy wood and grain for my chickens—150 rubles. I am left with nothing. I live completely alone, there is no one to help me. Please explain to me how people who are all alone are to go on living. [Signed] O. Stepanchenko.

POLICY, ORGANIZATION

Opinion Poll Shows Widespread Anxiety over Prices

914D0087A Moscow *RABOCHAYA TRIBUNA*
in Russian 8 Dec 90 p 3

[Report by USSR State Committee for Statistics: "The Price Dance"]

[Text] In June 1990, the USSR State Committee for Statistics [Goskomstat] polled about 30,000 citizens of various categories in all regions of the country except Lithuania about their attitude toward changes in prices for consumer goods and services in conditions of the transition to regulated market relations.

The data cited in Table 1 characterize the population's attitude toward the country's transition to a regulated market economy when prices for the majority of goods (services) will be formed based on the population's demand for them.

Table 1. Population's Attitude Toward the Transition to a Regulated Market Economy (in percentage of number polled)

Republic	Favorable	Unclear	Negative	Indifferent	Hard To Say
USSR	9.9	29.1	40.6	2.2	18.1
RSFSR	9.0	31.0	41.1	1.9	16.9
Ukrainian SSR	9.7	29.9	41.2	1.8	17.3
Belorussian SSR	7.9	25.8	47.1	1.6	17.6
Uzbek SSR	7.3	25.8	39.3	2.4	24.9
Kazakh SSR	11.6	27.7	44.0	0.7	16.0
Georgian SSR	13.6	20.2	24.4	4.0	37.3
Azerbaijan SSR	9.6	15.2	41.3	9.5	24.4
SSR Moldova [Moldavia]	11.8	23.8	38.0	1.4	25.0
Latvian SSR	19.1	43.1	14.3	2.3	21.1
Kirghiz SSR	7.5	23.4	45.7	3.3	20.1
Tajik SSR	4.9	19.3	56.9	2.7	15.8
Armenian SSR	23.7	19.0	28.5	6.5	22.2
Turkmen SSR	11.7	16.3	45.1	5.4	21.4
Estonian SSR	34.3	43.7	11.3	2.0	8.3

The results of the survey were affected above all by the people's dissatisfaction with living conditions and the standard of living, which is intensifying against the background of general uncertainty about the future, which most view with pessimism.

Nine out of 10 people polled are disturbed by the price increases for meat and meat products; 7 out of 10 by the price increases for milk and dairy products; 1 out of 2 by the price increases for bread; 4 out of 10 by the price increases for sugar; and 1 out of 3 by the price increases for potatoes, fruits, and vegetables.

Seven out of 10 are concerned about the price increases for clothing and footwear; 1 out of every 2 adults is

concerned about the price increases for furniture and children's clothing and underwear; and 4 out of 10 are concerned about the increase in payments for housing and municipal services.

The majority of those polled (78 percent) believe that prices for many goods and services will rise rapidly with the transition to market relations. Seven out of 10 believe that the material conditions of their families will worsen or not change, and only 6 percent are counting on improvement.

The population's opinion about the price formation mechanism is characterized by the data in Table 2.

Table 2. Population's Opinion About Price Formation Mechanism (in percentage of number polled)

Republic	State should ensure stable prices for all types of food products and goods	State should maintain stable prices for certain food products and goods	The market should dictate prices for all food products and goods	Hard to say
USSR	46.1	29.1	5.2	19.5
RSFSR	45.4	31.1	4.4	18.9
Ukrainian SSR	47.6	26.5	5.6	20.3
Belorussian SSR	48.9	27.0	4.1	19.1

Table 2. Population's Opinion About Price Formation Mechanism (in percentage of number polled) (Continued)

Republic	State should ensure stable prices for all types of food products and goods	State should maintain stable prices for certain food products and goods	The market should dictate prices for all food products and goods	Hard to say
Uzbek SSR	48.7	29.1	5.8	16.0
Kazakh SSR	44.5	33.7	4.4	17.1
Georgian SSR	46.5	19.1	9.1	25.3
Azerbaijan SSR	52.5	12.3	4.5	30.5
Moldovan SSR	38.6	31.8	6.8	22.8
Latvian SSR	26.3	41.7	9.4	22.0
Kirghiz SSR	44.3	31.8	3.9	20.1
Tajik SSR	67.6	16.4	3.3	12.4
Armenian SSR	39.7	20.2	15.2	24.7
Turkmen SSR	56.3	18.0	2.9	22.9
Estonian SSR	26.3	39.7	25.3	8.7

Three-fourths of those polled believe it is necessary to maintain low prices for food products by using subsidies to enterprises, and only 11 percent favor increasing prices with a simultaneous payment of monetary benefits to citizens according to the size of their income. The greatest percentage of people who favor keeping the practice of subsidies to enterprises are in Tajikistan, Kirghizia, Turkmenistan, and Armenia (90-95 percent). One-third of those polled in Estonia favored eliminating the subsidies.

In the opinion of those polled, stable low prices need to be maintained above all for meat and meat products—80 percent; milk and dairy products—70 percent; bread—52 percent; fruits and vegetables—43 percent; sugar—35 percent; pasta, flour, and cereal—17 percent; and potatoes—16 percent. The greatest number of people who

favor maintaining stable low prices for meat and meat products are in Tajikistan, Azerbaijan, Belorussia, and Kirghizia (84-90 percent); the greatest number favoring this for bread are in Armenia, Georgia, and Azerbaijan (82-87 percent).

Fifty-four percent of those polled favored using a ration-card system for certain food products and goods sold at low state prices, and 45 percent opposed this.

The majority of the population tolerate the possibility of only a slight increase in prices. Six out of 10 people polled are agreeable to purchasing goods and services at higher prices, provided they are always available in trade and of high quality and wide assortment, but at moderate prices. In Estonia and Latvia, 7 out of 10 people polled do not object to a moderate increase in prices under these conditions.

Table 3. Prices for Agricultural Products at State Kolkhoz Markets in 1990 (for 264 cities)

Month	In Percentage of Corresponding Period in 1989			
	All Goods	Animal Food Products	Plant Food Products	Flowers, Seedlings, and Others
January	113	112	113	114
February	112	114	112	109
March	112	115	113	103
April	117	118	116	121
May	121	122	117	133
June	127	127	129	113
July	129	128	129	127
August	130	132	130	124
September	134	140	134	129
October	138	152	136	132
January-October	125	127	125	122

The vast majority of those polled (81 percent) believe that with an increase in prices, it is necessary to preserve stable prices for vitally important food products

and goods as a most important social safeguard and to set prices for the remaining goods according to demand.

Uzbek Market Speculation, Abuses Detailed

914D00904 Moscow *RABOCHAYA TRIBUNA*
in Russian 21 Dec 90 p 3

[Article by R. Tell under the rubric "Urgent Signal":
"They Are Hiding Goods"]

[Text] Tashkent—At first those who arrive in Uzbekistan from those areas of the country stricken by a famine of goods are surprised by the prosperity on the shelves. There is clothing, shoes, sugar, and cereal. At second glance, it is true, they notice that the assortment is not large. All of the goods are of local production, there is not enough of many of them, the fabrics are poor, and electric household appliances have disappeared without a trace.

On the other hand, there is a sea of goods in high demand at the Tashkent hippodrome. There is a bazaar here on weekends where anything may be purchased at very high prices. One understands that the abundance of goods in the private sector is hardly the result of individual labor activity. These high-demand goods fall into the hands of speculators via "the back door" or from under the counter. Isolated instances of trade abuses find their way into the official reports of the BKhSS [Combating the Embezzlement of Socialist Property and Speculation] Directorate of the republic's MVD [Ministry of Internal Affairs].

R. Batyrov, head of store No. 8 of the Khayrabad Consumer's Society in Dzhrizak Oblast hid away 6,659 rubles [R] worth of goods consisting of tea, coffee, and Japanese cassettes. K. Mamanazarov, his colleague from store No. 44, was holding coffee and children's clothing under the counter. The street value of the goods was almost R12,000. At a store of the Dustlikskiy Rayon consumer society they sold paint and dishes underground, and at a number of trade outlets of the Fergana Oblast consumer society they were selling children's shoes on the side.

There are many more such examples. I. Kvetkauskas, a resident of Lithuania, also obtained 1,580 Japanese tape recorder cassettes from an "under-the-counter" source, and he would have vanished without a trace, despite the prohibition of taking goods out of the republic, if he had not been stopped by the militia on the Andizhan-Moscow train.

As they are disseminated through cities and villages, the high-demand goods grow in price. M. Alimov, director of the dining car of train No. 28, tried to make use of this property when he hid away cigarettes and vodka to be sold at an inflated price in Volgograd. His presumed profits would have been more than R10,000.

And indeed, why not make a living at society's expense when the very concept of speculation is becoming increasingly fuzzy? That is what the specialists who fight speculation all say about it. When I worked with employees of the Kirovskiy Rayon BKhSS department in

Tashkent to uncover speculators at the Alayskiy Market, I myself experienced the impotence of the law. In the case of a guest worker from Georgia who was selling French panty hose, it was necessary to catch him in the act of reselling for gain, determine where the goods came from, etc. A week was spent on it, and everything ended with the court assigning a fine of R50...

Those who are caught hiding away goods get off even easier now with the new legislation—they are only given administrative punishment. But after all, this is the main source of goods for those who speculate in high-demand goods.

Methodology for Calculating Cost-of-Living Index Examined

914D0074A Moscow *PLANOVOYE KHOZYAYSTVO*
in Russian No. 10, Oct 90 pp 66-73

[Article by L. Zubova, N. Kovaleva, and M. Krasnikova, candidates of economic sciences]

[Text] Much attention has been paid recently to the problems of measuring the dynamic behavior of the cost of living, estimating inflationary processes, and income indexing. Research on these matters was conducted in our country back in the twenties. The method developed at that time essentially contained all the necessary basic elements of calculating indices: composing a set of consumer goods and determining the structure of consumer expenditures, direct price observation, organization of budget statistics, and the use of various formulas for making the calculations. Later, this experience was unfortunately lost. Beginning in the thirties, the conception of what was called the planned price in a socialist society served as a disguise for the apologetic role of official statistics. Calculations of the state (list) retail price index, which until recently conformed to this conception, extended consideration only to those price changes conducted centrally on a legislative basis and reflected in the relevant price lists. Price changes resulting from the operation of other factors were not taken into account, which created a patently unobjective picture of price dynamics and of the influence of prices on the level of worker prosperity.

At the present time, now that the situation on the consumer market has become complicated, when social tension in society has increased and the situation of indigent population groups, families with fixed income, has deteriorated, the task of devising indicators that reliably reflect the real dynamic behavior of consumer prices has become particularly relevant.

In May 1989, USSR Goskomstat [State Committee for Statistics], USSR Gosplan [State Planning Committee], USSR Goskomtrud [State Committee for Labor and Social Problems], USSR Goskomsen [State Committee on Prices], USSR Gosbank [State Bank], the AUCCTU [All-Union Central Council of Trade Unions], and the USSR Academy of Sciences developed and approved the relevant documents on methods. The approaches to

computation of consumer price indexes they contain have a certain practical value and are an indispensable stage for subsequent development of a system of index calculations in the field of measuring the dynamic behavior of the cost of living. But just as in the past, a number of problems related to formation of the principles of general methodology and procedural principles in determining the cost-of-living index and estimating the dynamic behavior of inflationary processes in contemporary society have remained unsolved.

The Nature and Purpose of the Cost-of-Living Index

First, we must define more precisely the content and purpose of this index. In its classical meaning, the term "cost of living" signifies the cost of the totality of consumer goods corresponding to a certain level of satisfaction of needs. The decline or increase of the level of that indicator is related not only to the dynamic behavior of consumer prices, but also to structural changes in people's consumption, to the state of the market (here the reference is to the assortment of goods and services offered, their accessibility to the consumer, balance between supply and demand), etc. That meaning of the term "cost of living" best corresponds to the content of the term "prosperity" of the population, which in addition to price changes, includes the dynamic behavior of various types of income, savings, improvement of the system of grants, services, the change in taxation of personal income, structural shifts in personal consumption, and so on. In Soviet planning and management practice, the analogy closest in essence to the category of "cost of living" is an integral indicator like real personal income (it is taken for granted that the methodology and procedure for its computation needs to be refined). In many countries, including our own, the cost-of-living index began to be calculated and published regularly in the twenties, at a time when the very rapid growth of prices began to have a very substantial influence on the magnitude of personal consumer expenditures. The index was supposed to show how expenditures to maintain a certain standard of living changed as a function of the level of prices of consumer goods and services. A collection of consumer goods typical of a particular group of the population (in most countries, these were families of industrial wages workers) was arrived at for its calculation; the level was estimated in current and base prices, and then they were compared for various periods of time in order to obtain the index.

However, as we have already noted, the dynamic behavior of the cost of living is not influenced by price changes alone. The procedures used in statistical practice for calculating the cost-of-living index using the Laspeyres and Paasche formulas did not afford the possibility of taking into account the dynamic behavior of the structure of consumer expenditures under the influence of changes in living conditions and work, fashion, consumers' changing tastes and habits, demographic processes, and so on. A certain contradiction arose then, between the name of the indexes and their actual content. The indexes computed show only the

degree of change of the general price level of a fixed collection of goods and services. Yet this is only one of the aspects of the multifaceted process of the dynamic behavior of the cost of living, and, what is more, it does not necessarily correspond in accuracy to that dynamic behavior, especially when the period of time is more or less lengthy.

That is why in the fifties and sixties most countries regularly computing this indicator replaced the term "cost of living" with the term "consumer prices," whose meaning is more restricted. The methodology of computing the index numbers remained the same, based on use of a quantitatively and qualitatively fixed collection of goods and services (the market basket) for the relevant population group. This basket is determined from the data of sample surveys of family expenditures. That is why sometimes this index is referred to as the budget index.

A clear understanding of the nature of the processes reflected by the cost-of-living index is very important to correct determination of the sphere and methods of its use. This index can be applied in any calculations in which the dynamic behavior of prices on the consumer market for goods and services is being measured. But this is only one of the indicators of the entire system of index number computations in the field of price changes, each element of which is indispensable to solving specific problems, which in turn necessitates differing procedural approaches to constructing the indexes. The more complete the system of particular indicators of the influence of the dynamic behavior of prices on the standard of living of the population as a whole and of various socioeconomic groups and strata of society, the narrower the specific sphere of application of each particular index, including the cost-of-living index.

In many countries, they record the dynamic behavior of prices at the macroeconomic level with special indexes known as deflators. They are calculated from the macroeconomic indicators of national accounts. Taking international experience into account, in 1989 USSR Goskomstat developed the "Method of Computing Deflators (Deflator Indexes) for Macroeconomic Indicators." It is proposed that they be calculated for summary indicators of economic development and the standard of living, which have a complicated and nonhomogeneous structure (the gross national product, national income, total consumption of material goods and services, etc.). Conversion to comparable prices of personal expenditures for goods and paid services acquired in state retail and cooperative trade and on the kolkhoz market is possible using the deflators for the various respective channels through which money income is realized.

Applied to the structure of personal consumption, indexes of retail prices of consumer goods, of prices and rate schedules for paid services to the public, and of prices on the kolkhoz market are used in accordance with this method. The summary price deflator, which is regarded as the cost-of-living index, is determined by

weighting converted indicators for the volume of retail sales of state and cooperative trade, the volume of services sold to the public, and the volume of sales on the kolkhoz market for the reporting period.

The thing that is fundamentally new here is the organization of regularly conducted observations of the level and dynamic behavior of the prices of specific representative commodities (services) in a rather broad product list. It is proposed that the index numbers of actual prices for the collection of these goods take into account not only changes in prices resulting from legislation, but also the concealed price increase related to improvement or deterioration of the quality of goods, the influence on their level of negotiated prices, sales prices for the products of cooperatives and individuals and the kolkhoz market. Use of the method of direct statistical observation of these phenomena is in our view a progressive step. But the version proposed by USSR Goskomstat cannot be altogether satisfactory from the standpoint of the soundness of index calculations. The prices of the "black" market, for example, still remain outside the field of vision; further improvement is needed in the collection of representative goods and services and in the system for specifying them.

While the proposed summary index does have a certain practical value, above all for purposes of deflation, it still does not make it possible to determine the dynamic behavior of the cost of living accurately. An integral system of indexes is necessary for that purpose.

It should include the cost-of-living index and the consumer price index (deflator), which differ mainly in the approaches to forming the system of weights (in the first case, from the data of sample budget surveys, and in the second from data on the structure and sales channels of goods and services). This in turn imposes certain requirements on statistical information. Various statistical sources can be used for the structuring of indexes: the data of trade statistics (the procedure of USSR Goskomstat is oriented toward them) and sample surveys of family budgets.

In calculation of the cost-of-living index, it is advisable to obtain the weights from the data of sample budget surveys, which make it possible to determine most accurately the actual structure of consumer expenditures not only of the average statistical family, but also of various socioeconomic family types and to reliably estimate the dynamic behavior of the general price level of the fixed (in quantity and quality) collection of consumer goods and services (market basket) as an average for the population and for various types of consumers. But to make the data of the family budgets more representative, the surveys have to be organized in an essentially different way. The data of trade statistics can be used only to detail particular items (for example, on alcohol consumption).

The approach proposed makes it possible to obtain a system of differentiated indexes (by region, by social-demographic and social-occupational groups, by groups with differing levels of financial security), which make it possible to increase substantially the effectiveness of distribution policy. The procedures for constructing these indexes must have their own particular features both with respect to forming the weights and also with respect to price observation.

Thus, in our view two summary indicators have to be used: the consumer price index as a characteristic of the cost of living and the consumer price index as a deflator, each of which performs its own specific socioeconomic functions. The first of them is a socioeconomic indicator making it possible to estimate the real dynamic behavior of prices of a fixed collection of goods and services characterizing the level and structure of the consumption of the average statistical family. Preference should be given to the Laspeyres formula, although the Paasche formula can also be used. Sound calculations of these indexes are possible only at a high level of representativeness and reliable susceptibility of the budget information to disaggregation.

The consumer price index as a deflator should be used at the macroeconomic level to convert the indicator of the total fund for personal consumption of material goods and services, which has a nonhomogeneous structure, to comparable prices. The calculations must be based on the data of a balance of the national economy, and the system of weights is formed on the basis of the reporting of trade statistics; the aggregate form of the index should be used with current weights. Accordingly, the deflator must be differentiated for various commodity groups and sales channels for consumer goods.

Organization of Budget Surveys

The most satisfactory source of information for forming the system of weights in calculations of the cost-of-living index are surveys of family expenditures (budgets). This is one of the forms of selective statistical study of personal income, expenditure, and consumption. In most foreign countries, surveys of family consumer budgets are conducted precisely in order to obtain data for estimating the weights of this index.

The analog of such surveys in our country are the sample surveys of family budgets of workers, employees, and kolkhoz members. But it is important to emphasize at once that in their present form they are unsuitable for calculating the market basket (and accordingly for calculations of the cost-of-living index) because they describe the structure of family expenditures for consumption only in the most general form. Data obtained from them concerning consumer expenditures are too consolidated (this especially applies to services). What is more, the representativeness of the material of budget statistics concerning consumer expenditures arouses serious doubt, since the selection is made according to criteria inappropriate to the object of study (the family budget).

The main shortcoming of budget data is the occurrence of a systematic sampling error because the families are chosen according to where their working members are employed. Thus, a gap is created between the survey unit (the family) and the selection unit (the worker). This is a serious violation of one of the basic principles of sample observation.

In spite of the 1988 expansion of the representativeness of the sectors of the economy with respect to organizing budget surveys (sectors such as science and art, trade, the food service industry, material and technical supply, and the administrative apparatus were included for the first time), they still do not take into account all spheres of activity by any means. The restrictions pertain to enterprises and organizations of the Ministry of Defense, the Ministry of Internal Affairs, the State Security Committee, the State Committee for Foreign Economic Relations, the higher levels of the administrative apparatus, and party, public, and certain other organizations.

What is more, the method of regular observation of a stationary set of families used in conducting budget surveys in the USSR could also result in a violation of the representativeness of the sample data. Shortcomings in organizing the surveys and the burdensome nature of prolonged observations evoke a negative psychological reaction on the part of the families included in the survey, not infrequently they deliberately supply incorrect information in order to increase or conceal a portion of their income and to preserve the balance between income and expenditures. At the same time, there is no scientifically sound mechanism for rotation of families in the sample.

Nor does the principle of selection by sector meet present-day requirements in organizing the budget network in connection with the processes of "denationalization" of the economy, development of property relations, and expansion of the economic independence of certain regions, which are taking place. All of this makes the system of budget surveys used still less representative. The sample does not include families whose members are engaged in cooperative activity or are self-employed. Under those conditions, a typical criterion like level of wages loses its significance; the level of income becomes the criterion most appropriate to the object of study.

In this respect, budget statistics could be improved by changing the principle used in selecting budgets. The sectoral principle has to be renounced and the transition made to selection on a regional basis. First, this guarantees the equal possibility of all families being included in the sample because equality is achieved between the selection unit and observation unit; second, the sample is made more representative because correlation between families in a particular area is less than among families of workers in the same enterprises and organizations; third, it affords the possibility of obtaining sounder family groupings with respect to the social group of the entire family (for example, of the head of the family),

and not only the working member of the family chosen because of the sectoral approach.

Going back to the question of the structure of consumer expenditures in family budgets, we must note that, first, it is excessively aggregated and limited (about 200 items), and second, which is the main thing, it is based on observation of a fixed collection of goods and services that is uniform for the entire country.

In our view, at the level of primary observation it is advisable to give up the fixed collection of goods and services and to make the transition to recording all actual purchases and prices. In the stage of primary processing, consumer expenditures need to be structured into relatively disaggregated market baskets. And in the very next stage consumption should be categorized with respect to socioeconomic types of families and areas. In the process of collecting and processing the data, this will make it possible to compare regional market baskets, to take into account the specific way in which expenditures occur in families of different types living in different regions, so that it will be possible to obtain a system of market baskets.

Formation of the Structure of Consumer Expenditures

Determination of the volume and structure of personal consumer expenditures is one of the two main units in the system of calculations of the consumer price index to describe the cost of living. Here again, several important problems arise that have to be solved in connection with determination of the market basket. First of all, there is selection of the period of time for which the volume and structure of family consumer expenditures are being estimated. Further, it is necessary to discover the socioeconomic groups of the population for which such estimates are being made, i.e., the level of coverage of the population by the index calculations. What is more, a clear determination has to be made as to what is meant by personal "consumer expenditures" for calculation of the market basket, and they also must be classified. All of this is very important to sound selection of basic and auxiliary sources of information.

Before moving on to a more detailed examination of these problems, we need to spell out the following. In accordance with the formulas used in practice, the consumer price index measures the ratio between the value estimates of a quantitatively and qualitatively fixed set of consumer items in different periods of time. Thus, by definition, the index is used to reestimate the physical volume of some set of consumer goods. But in practice it is always calculated solely on the basis of data on the magnitude of consumer expenditures and prices in money terms, not on the basis of the quantitative characteristics of purchases. The index is determined as the weighted average of individual (commodity) indexes. The weights are figures on the structure of the market basket. The individual indexes reflect the change in prices of homogeneous groups of consumer goods (services) and are the result of calculations in the second unit

in the system for building the summary index. The principle governing formation of the structure of the collection of consumer goods and the system for classification of family consumer expenditures, then, must provide direct contact with information from the unit of price observation. The market basket for calculation of the summary index is estimated in percentages of the total volume of consumer expenditures of the family. Such calculations are based on data concerning the average annual volume and structure of family expenditures in money terms.

When the level of coverage of the population by the index calculations is being determined, it would be advisable to strive to maximize that coverage so as to obtain the fullest and most objective description of the influence of prices on personal consumer expenditures. But the qualification has to be made that by its nature the cost-of-living index cannot be calculated as a uniform indicator for the country's entire population. There is always some portion of the population whose consumer behavior differs sharply from the main body of the people. These are above all military personnel living in garrisons; prison inmates, people in boarding schools, and so on. What is more, it is obvious that the structure of consumer expenditures of the rural population differs essentially from the consumer expenditures of city dwellers, and they cannot be lumped together, and this also applies to the consumer expenditures of high-income family groups (above 250-300 rubles per person per month, say) and those with low income (below the poverty level). Appreciation of these factors will make it possible to achieve a considerably higher level of homogeneity of the consumer behavior of the family groups being analyzed, and this in turn is an indispensable condition of the quality and reliability of calculations of the market basket. Thus, even if the task is set of maximum coverage of all strata of the population by the calculations of the cost-of-living index, there will always be some portion of the population not covered by the analysis.

There is, of course, exceptional interest in differentiated calculation of the consumer price index by socioeconomic groups of the population. It is particularly relevant to estimate independently the dynamic behavior of prices in the consumer expenditures of low-income population groups. But great hopes cannot be placed at present on such calculations for at least two reasons.

The most intractable one is estimation of the individual (commodity) indexes for various population groups. As shown by the experience of other countries, this task is for all practical purposes not being performed at the present time. Yet it is fundamental in nature, since the averaged dynamic behavior of prices need not coincide with the change of prices typical of purchases of some particular socioeconomic group of the population. The second point is related to the essential restriction of the possibility of using diverse statistical information in estimating collections of consumer goods and services differentiated by socioeconomic groups. In this case,

budget surveys become the sole source of data on consumer expenditures, which diminishes the representativeness of the calculations, at least at the present time.

The complexity of the object of study—the volume and structure of consumer expenditures of families—usually requires the fullest possible use of all possible sources of statistical information. The most widespread method of estimating the market basket (for calculations of the consumer price index) is based largely on the data of a survey of consumer expenditures, adjusted for a number of specific expenditure items on the basis of the statistics of national accounts. At the present time, obviously, broader use needs to be made of alternative sources of information—trade statistics, the national income balance, which in our country are considerably better represented than the data of sample family surveys.

The conception of consumer expenditures of the family has to be developed in order to form the structure of the market basket. Otherwise it is impossible to decide such questions as recording consumption in kind, self-service, selection of methods of reflecting in the calculations consumer credit, expenditures for durable consumer goods, and expenditures of owners of dwellings and apartments. In our context, it is advisable to include in the volume of consumer expenditures the total amount of payment for goods and services regardless of whether the consumer obtained these goods within that particular period. This best corresponds to such goals of calculating consumer price indexes as measuring money flows and indexing personal money income.

In estimating the index, it is advisable to omit from the calculations all forms of consumption in kind and self-service. Artificial money estimate of elements of consumption in kind contradicts the task of calculating the index as an indicator of purely price-related influence on the dynamic behavior of consumption. Yet the proportions (quite substantial in our country) and structure of forms of self-service and consumption in kind within the family play a large role in forming the structure of expenditures. All types of consumption in kind and self-service within the family must be omitted from calculations of the market basket. As a consequence, the volume and structure of this basket will differ essentially from the volume and structure of family consumption. Moreover, this gap is determined to a considerable degree by the shortage of goods and services because in our country self-service is often imposed by necessity.

Regional variations of the market basket also have to be developed. The reason for this lies not only in the essential ethnic differences in the consumer behavior of families and differing natural and climatic conditions, but also the substantial unevenness of economic development of the country's various regions.

In estimating the market basket for the country as a whole and by regions, provision should be made for several levels of classification of the relevant expenditures, which differ in their level of aggregation. The

principle of classifying them by consumer complexes is the most appropriate to the tasks of studying the dynamic behavior of these expenditures. In accordance with this principle, all goods and services which in the complex contribute to satisfying the particular type of demand are simultaneously included in one group of expenditures. For example, the complex "Articles of Clothing" should include not only expenditures to purchase the articles in question, but also expenditures for their repair, cleaning, custom tailoring, and so on. This approach is not only quite logical from the standpoint of analyzing consumer behavior, it also makes it possible to calculate separate and internally self-enclosed components of the overall dynamic behavior of the cost of living automatically in the process of estimating the index as a whole.

At the upper, more aggregated level of classification, it is advisable to single out the following main consumer complexes: foodstuffs; articles of clothing, housing, furniture, and other housewares; transportation and communications; education and cultural services; health care and medicines; and miscellaneous consumer expenditures. This classification takes into account international requirements in analyzing consumer expenditures of families; to be specific, it meets the standards of the UN System of National Accounts.

At the second level of classification, these complexes must be disaggregated, and the main classes of consumer expenditures, which taken together would comprise practically all the money expenditures for that complex, determined. At this level of classification, it is advisable to identify a minimum of 200 items of consumer expenditures. This list of consumer expenditures must be the same for all regional market baskets.

The list of consumer expenditures at the third level of classification (level of commodity groups) must be determined individually for each regional market basket. Here, it is not necessary to break down each class of expenditures determined in the previous stage.

It is possible, if necessary, to identify yet another, fourth level of classification if the degree of detail in the previous stage is not sufficient for the transition to estimation of individual (commodity) indexes. In any case, the final stage of classification of expenditures in the market basket must provide that level of detail of goods and services which makes it possible to calculate the individual price indexes as simple averages (without a specifically constructed system of weights).

To be specific, this requirement makes it impossible to use the material of budget surveys in constructing the market basket for calculations of the cost-of-living index in the USSR. The maximum number of types of consumer goods and services taken into account in conducting the surveys does not exceed 200. It is obvious that at such a high level of aggregation it is not possible to make serious calculations and obtain any kind of satisfactory estimates of individual indexes.

The procedure proposed for classifying expenditures in constructing the market basket not only guarantees fuller appreciation of the entire complex of factors determining the structure of expenditures, including regional factors, but it will create a mechanism for bringing regional consumer structures together into a single system of calculations. The multilevel, hierarchical system of classification of expenditures in calculating the weights of the cost-of-living index makes it possible to automatically, as one of the stages in estimating the overall index, to obtain data on the dynamic behavior of the prices of particular consolidated commodity groups, consumer complexes, and also price indexes for the individual regions of the country.

Statistical Observation of Consumer Prices

Price information, which is the basis of all index calculations, has paramount importance in calculating the cost-of-living index. It is on the basis of that information that the initial indicators are formed—the system of individual price indexes calculated as simple (arithmetic) averages, without using weights. That is why it is indispensable to single out groups as homogeneous as possible and reflecting at least three basic characteristics of the entire diversity of consumer expenditures: geographic differentiation, differences in sales channels, and different types of consumer goods.

Consistent respect for these characteristics in the stage of collecting primary information determines its quality and ultimately the reliability of the indicator calculated. That is why the information used in index calculations must meet a number of requirements of a methodological, procedural, and organizational nature.

The principles governing organization of price observation for calculation of the cost-of-living index depend above all on the character of the channel through which goods and services are sold. The method of centralized collection of information on prices from the relevant price and rate manual, used up until the present time, retains its importance for retail list prices. Direct observation can serve in this case rather to estimate the state of the market and to adjust the basket of representative goods and services used.

At the same time, because of expansion of the sphere of decentralized pricing of goods and services by cooperatives, on the kolkhoz market, and the "black" market there is a need to develop methods relatively new to our statistics, above all—direct observation of prices. We will dwell on some of the methodological and procedural problems of organizing this kind of observation.

Price information must embrace the largest possible number of goods and services to obtain a reliable indicator of the cost-of-living index. That is why we need to form a list of representative goods and services by the method of directed choice and take into account the importance of the items chosen in commodity sales and in personal consumption. In compiling the list, attention should be paid to the peculiarities of consumption of

various demographic and other socioeconomic groups of the population, and also, and this is particularly important, the specific nature of the market and consumption in the country's various regions. In organizing the effort to calculate consumer price indexes in the union republics and following the road of forming a regional system of cost-of-living indexes, it is advisable to develop lists of representative goods and services differentiated by regions (republics).

The share of the sales of the representative commodity or service in the assortment group which it represents and also the extensiveness of sales and possibility of unhampered purchasing of the commodity must be the principal criteria governing the choice. For each assortment group, it is possible to choose either one or several representatives. The change in the price of this representative will reflect the change in the price of the entire group. Theoretically, the number of representatives in the various groups ought to depend on the volume of sales of the given group in the total volume of sales, on the variability of the price of the representatives over time, on the accessibility of the goods on the market, on differentiation of the assortment structure, and on the precision (detail) of the representative's description. If current statistics do not allow for taking into account the effect of all these factors, then the number of representatives for each group must in this stage be determined indirectly or by the target method.

The list of goods and services for which prices are studied and calculation of the relevant index can include either precisely described items (representative) or items for which a description of narrow assortment groups has been given, groups embracing as many as several dozen types of commodities (services) with the same or similar characteristics. But under the conditions of an unbalanced market, it is very difficult to pursue this approach consistently.

The very principles governing observation depend on the character of current prices, the way in which the representative is described (the specification), the source of information used, and the frequency with which prices change. For those representatives whose prices are set centrally, precise descriptions corresponding to the specific items of goods and services in price lists must be used as a rule. In this case, observation will consist of tracking and recording changes in price lists, where all the necessary data for identification of the representative commodities are given for the various items. There must be parallel observation of the consumer market for that group of goods so that the commodity can be promptly replaced if it has ceased to meet the criteria of a representative.

In certain cases, the results of specifically organized surveys will have to be used to study prices. The importance of sources of information on prices which are not traditional for Soviet statistics is increasing essentially under the conditions of the unbalanced market. That is why observation of prices along all the channels of the

consumer market cannot in any case be considered simultaneous. The effort which Goskomstat undertook in this direction in 1989 is only its first stage.

It is wise to observe prices directly for recording prices which do not hold to a constant level. These are negotiated prices, the prices of the kolkhoz market, the prices of a "new" or consumer cooperative, and the prices of self-employment. But this kind of observation cannot, of course, be used in studying the "black" market. Here, the extensiveness of purchase-sales transactions and prices can be determined only indirectly.

A special survey, a sociological and statistical survey of the relative change of prices on the "black" market, also needs to be conducted. Those who do this job (they will at the same time figure as experts) must poll a sufficiently broad group of people and issue their conclusion concerning prices (in a comparison with official prices) and the extensiveness of the purchase and sale of goods on the "black" market according to a specifically developed list (the content of that list may change as a function of specific conditions). And although at the present time it will not be possible to use in index calculations information obtained directly, its regular collection (for example, once a quarter) will make it possible to do this at least indirectly, and also to improve the methodology and procedure for conducting non-standard statistical surveys.

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FOOD PROCESSING, DISTRIBUTION

Moscow Store Using Private Meat Suppliers

9/4/00804 Moscow, PRAVDA in Russian 18 Dec 90
Second Edition p 1

[Report by K. Lysenko: "There Is Meat In Moscow—The Price Is Dictated By the Market"]

[Text] *An event has taken place in line-tired Moscow. There is meat in the stores. And not just meat, but—we have already forgotten that word—fresh meat. And no lines.*

I suddenly discovered it in Food Store No 5 on Novoslobodskaya Street, where there had been no trace of meat for the past several months.

The joy will be somewhat diminished by the following information: veal costs 10 rubles [R], first category beef—9, brisket—7. What does this mean? Is it that while the lawmakers passionately debated the issues of market and prices, the market on its own crept up on state food stores? I went to store director V. Kocheshkov for an explanation.

"We are leasing this store," explains Valdimir Nikolayevich. "If we get meat from the state warehouse, we sell it at state prices. What we find ourselves we sell at

free-floating prices. This meat," he pointed at the counter, "I have spent two days searching for."

It turns out that the store has signed a contract with a farmer in Tver Oblast. He has his own land, and over a hundred head of cattle. In addition, the store buys meat from private suppliers who have not been able to break through to the farmers market traders.

"You want to ask why prices are so high?" said V. Kocheshkov, although I was in no hurry to ask this question: The market is the market. "I will tell you. This year the municipal authorities are charging us R9,000 for the lease; next year they will charge R26,000. Add to this delivery expenses, butcher's services, refrigerators' maintenance costs, and you will not come up with a lower figure."

I can easily believe it. However, this is hardly a consolation for those who cannot afford 10-ruble meat. Nevertheless, there is no choice. While parliamentarians on all levels injure their vocal cords and eardrums in arguing over how to better protect ordinary people from hardships of the market economy, the ordinary voter, longing for meat, long ago faced a different kind of choice. If he does not like the services of the tenants in Food Store No. 5 on Novoslobodskaya (there are over 200 such stores in Moscow now), he can walk another 300 meters. On the corner he will encounter a multi-hour line, snaking out of the doors of another food store. You may consider him lucky: There is meat at state prices there.

If he does not have the time or the stamina to get through this "standing torture," he can walk a little further, which will get him to Butyrskiy Market. There he can find the same meat at R20 to 30.

There is no other choice for the ordinary shopper. Think for yourself, make your own decisions... I think that the services of the free market in the persona of the tenant from Novoslobodskaya and the farmer from Tver Oblast are preferable. By the way, prices there are not all that high for our times. The point is that, for instance, between the middle of September and the middle of December the government of Russia has been buying meat from kolkhozes [collective farms] and sovkhozes [state farms] for much more—R12 a kilo in dressed carcass weight (R5.94 per kilo of live weight). Add transportation and butcher's expenses, and you will see that state meat in reality costs us all one-and-a-half to two times more. After all, in the final count the money to make up the difference between wholesale and retail prices comes from our pockets. This fact alone shows how much more efficient the Tver farmer's business is than the average sovkhoz output.

There is only one problem: While prices at the tenant stores are already set by the free market, the salaries of the majority of those who shop at these stores are still set by government tariffs. Therefore many people were leaving the store with a full understanding of the importance of new the undertaking, but—without meat

'Economic Crime' Laws Seen Aggravating Food Situation

914D00754 Moscow IZVESTIYA in Russian 9 Dec 90
Union Edition p 3

[Article by I. Kurglyanskaya, IZVESTIYA special correspondent: "The Country Is Starving and Vasya Sits in Jail"]

[Text] About the connection between the waiting lines for food and articles of the Criminal Code.

Vasya was convicted of grand larceny. He was trading in watermelons—and got caught. Some people will laugh: Well, at least they caught one... And the more people like this they put in jail—the shorter the waiting lines will be.

But it is the line the whole country seems to be waiting in now—this is the viewpoint from which many things can be seen with a quite unexpected perspective. And what is considered theft might, on the contrary, look like income when one is waiting in line.

What is Vasya actually guilty of? Well, above all, apparently, that he is a migrant worker. Or, as they have come to be called recently, a worker of a temporary collective employed in agricultural production. Under contracts with sovkhozes and kolkhozes they have raised onions and other labor-intensive crops.

But so much has been written about these brigades that I think even now the attentive reader would be able to say what Vasya was convicted of. Lawyers have known for a long time what a "routine migrant worker" case is: People receive pay for working under contract, then experts calculate what it should be according to state prices, and the difference between what they were paid and what the experts think they should have been paid is called the amount of theft.

This is approximately what happened to Vasya. Their brigade had been working on the Azovskiy Sovkhoz in Crimea Oblast. They were raising watermelons. And when they were ripe, the director said: You take these watermelons and sell them, and after that we will talk about your pay.

The agreement did not stipulate this but they agreed—what else could they do? They sold watermelons on the markets of Kiev, Nikolayev, and other cities and brought back about 100,000 rubles to the sovkhoz. Then it seemed to someone that this was not enough money. So they sued them and called in experts who made their own calculations. And according to them the brigade had stolen about a million rubles from the sovkhoz.

They calculated by the method of multiplying hectares by kilograms and by the maximum marked price. Then, true, during the process of the preliminary and judicial investigations they had to subtract. But the experts still could not agree with the notion that it was necessary to pay for transportation, loading, and unloading or that there could be spoilage during the time of storage.

Finally, you cannot sell those watermelons at the maximum market price. The variety is what is called "Whole Leaf." It is not the sweetest and not the most attractive.

Then I asked Vasya why they could not produce a more attractive product.

"Well, they could, of course. But why? If I were in charge I would be interested in the final result. And we are hired workers. We are paid according to the gross output. And if we did not achieve the plan they would not pay us at all. So we had to choose a variety that, even if it is not the most tasty, is the most productive and early-ripening."

But what was left after the subtraction was still enough to lock up each member of the brigade for a goodly amount of time: from 10 to 12 years. Vasya got his fair share: seven years in a high security detention facility with confiscation of his property.

In general, this is not a Vasya but a Vasily Vasilyevich. He is already past 40. But we have known him for a long time. He used to come even before he was arrested. Then his wife would fuss: Vasya this and Vasya that.

A letter came from him from the zone:

"I am just writing to unburden myself. It pains me... Remember how I told you how I thought agriculture should be organized? Many people did not understand me at the time but life showed that I was right. But now, exactly at the time when I should be working, I am sitting in jail. And I do mean sitting: I worked much harder when I was free. You were surprised that during a season each of us loses 10 kilograms. But a good crop always means hard work. What good is it doing anyone that I have lost my freedom? The state? The society? Forced labor will never be more effective than creative labor, regardless of how much some people would like it to be otherwise."

I recall how the first time we met he impressed me with his enthusiasm and common sense. He talked about weeds as if he were reading a poem. He named dozens of varieties and knew everything about each of them: How long the roots were, how many seeds they produce, when they sprout and under what conditions, and how to fight against them. It seemed that he had read everything that had been written about farming. Each winter he came to the VDNKh [Exhibition of Achievements of the National Economy], introduced himself as an agronomist (it was not obvious that he was a migrant worker), and learned about everything new. It was no accident that on the poor sections, which they were usually allotted, they managed to obtain yields several times greater than those of the kolkhoz workers.

"Nothing of the kind," he corrected me. "You know the main difference between me and a kolkhoz worker? The kolkhoz worker tries to take as much as he can home from the field to his private plot, since this plot feeds him. And I try to invest as much as possible in the field, since the field feeds me."

"Does this mean the future is with you?"

"No. The future is with the manager who can master both the field and the crops. I think this will soon become clear to everyone."

Then I understood that if he had been the master of both the land and the crop, there would have been no grounds for a criminal case. Because nobody would have been interested in where he sold his watermelons, at what price, or how much to pay whom for labor. The master is the master.

Vasily Positko was personally accused of stealing almost 13,000 rubles [R]. During the process of the court investigation they reduced the sum to 12,000. A year later, by a decision of the plenum of the Ukrainian SSR Supreme Court, the theft was reduced by another 10,000 and the term—by a year. Thus, at this moment, the convict Positko is serving his sentence (six years of incarceration) for stealing R7,847.42.

The Moscow lawyer Grigoriy Kurchin, who undertook to defend Vasily, wrote in one of his complaints: "V. Positko's guilt has not been proved, but rather deducted. And the means of proof was a broken adding machine." Indeed, it is a kind of pandemonium of figures. If, for example, you take what was indicated in the bills of lading, you get one quantity of watermelons that they were supposed to sell, but the experts wrote in a different number: two and a half tons more. Or: Vasya was accused of stealing the earnings from the sale of watermelons turned over to one of the members of the brigade as payment in kind. They were evaluated at R12,500. Later it was clarified that the value of these watermelons was not R12,500 but R7,000. Later they admitted that Vasya had nothing to do with them. But their value remained in the total of the "theft" he was supposed to have committed... And so forth. That is, if everything were recalculated using only the rules of arithmetic, from the sum of the "theft" (about R8,000) it would have been necessary to subtract R10,500. And then it would turn out that Vasya had not stolen anything at all; on the contrary, they had stolen from him—and not only his freedom, and not only what he could have earned during that time, but they also took about R3,000 out of his pocket (which, incidentally, is closer to the truth, for in order to receive the subsequent payment, they used their own money, drove their own trucks, Vasya's broke down completely, and when they came to him to confiscate his property, there was no property left at all).

But the USSR Supreme Court does not consider the sentence in the V. Positko case a mistake. Recently they responded to a lawyer for the second time that "the conclusions about V. Positko's guilt of stealing state property on a large scale are correct."

It is striking: People are convicted for economic crimes, but they do not seem to take the economic side into account. The sovkhos itself had tried to raise watermelons on the plot allotted to them. But they did not grow. There was the heat, the tall weeds, the unirrigated

land... In the spring they plant and in the fall they plow—and they have no troubles. (To be honest, at first I had my doubts: Is that really the way they farmed? But in "reality" this was registered: Neither before or after the migrant workers came would melons grow in this patch.)

So even with all the "theft," the brigade still gave the sovkhos a thousand rubles per hectare in net profit. A pretty good result for a waterless valley, as the specialists say. But it turns out that for the courts this result had no significance at all.

And, incidentally, this is not the only case. I can give you as many examples as you like of this kind of creative arithmetic in which the total amounts to a benefit and the components are crimes. On the whole, for example, the construction of a shop or a bridge is something necessary for work and life. But expenditures on construction are theft. On the whole, the silver returned to circulation from discarded wastes is a gain. But the person who picked this silver out of the scrap heap is in jail for wheeling and dealing in currency. When apples are shipped to a northern city the people say thank you. But the person who brought them there is convicted of speculation.

I ask myself the question: When did all this start? The "peak" of court trials or economic crimes came, as I understand it, at the end of the seventies and the beginning of the eighties. But there were also "peaks" before that: during the sixties when the death sentence for economic crimes was introduced into the criminal codes; during the thirties when there was one trial after another of "economic saboteurs"; at the end of the twenties, when dozens and hundreds of "NEP [New Economic Plan]-men" were brought to trial...

So perhaps this never ended. Perhaps from the very beginning our economic law contained some kind of antieconomic point.

Any laws reflect the spirit of the times in which they originated. Including the articles of the Criminal Code that envision punishments for economic crimes. Stealing is stealing under any regime. And it is punished everywhere. But private entrepreneurial activity and commercial mediation are punished only in our country. Or the article under which people are punished for "substandard, poor-quality, incomplete products." Is there anywhere abroad a need might arise for such an article? If you start to produce something "substandard and incomplete"—you will go broke. Your competitors will suffocate you. In our country the producer, as a rule, is a monopolist. There is no one to commit the oppression. And so only criminal sanctions can force the producer to produce decent items. Or the article that punishes speculation. That is, "buying up and reselling for profit." Throughout the whole world "buying and selling" comprise the trade system. The wholesaler buys from the producer, the retailer, from the wholesaler, and without "profit" any operation in any sequence is senseless. But

in our country, under the conditions of a total shortage, it is a rare trade worker who can resist the temptation to earn money from speculation. And no criminal sanctions will stop him.

But note that "buying and selling" is not laid to the charge of the state, which sells us coffee, tights, shoes, and everything else "with profit"—and how! The same thing is true of hard currency operations: The state is allowed to conduct them while to this day private individuals are threatened right to the point of the death penalty for these same actions. So what is protected by our legal norms?

Just as the monopoly on ideology generated political articles (58, which condemns "enemies of the people," or 70, which is imputed to the dissidents), the state monopoly on economic activity generated a mechanism that preserved it. And apparently one might consider the first improvement on this mechanism to be the ukase of 1932 that proclaimed socialist property to be sacred and inviolable. According to this ukase, as we know, even a boy could be shot for stealing grain from the kolkhoz field.

A poor design does become better because of stronger protection. Experienced managers have understood for a long time that in and of itself the motor of the state mechanism will almost not move. And if you want to accomplish anything real, turn on the spare engine of the market mechanism. Personal connections, cash money, material incentives, and other ways of "motivating" the business partner. Actually, why did the sovkhos director need Vasya Positko? Because without him he could neither grow nor sell those watermelons. He had neither the people, nor the transportation, nor the appropriate skills for this. This autumn demonstrated once again that for our agriculture is worse than a natural disaster.

So a trap is constructed and it catches first the master, then the worker, then both of them together. They are in the same position: They have to operate according to the laws of the market—but they have to pay according to the articles of the Criminal Code. As they say, at the fixed state price.

Vasya, for example, told me about how much he told the experts he paid for loading and unloading: R20. Do you believe it? Can you imagine any loaders who would agree to move 90 tons of watermelons for R20? But the experts considered this figure legitimate. These were the state rates. I suspect that Vasya had to pay more. But if he had told the truth in the documents, the sum of the "thefts" would have increased even more. You can object: The money did not go into his pocket but for production needs. But here again the law envisions everything: The theft went to third parties.

He probably had to make other expenditures not envisioned by the estimates, as well. I have been told what it usually costs to take products to the market. If you enter the market area you pay. They stop you at the traffic control post and again you pay or else they detain you for

hours, and watermelons are perishable. The sovkhos director did not allot them transportation, which means they had to find their own "unofficial" drivers. And you could hardly get away with paying them at state rates—who would go from near Kerch to Kiev for that? And who could establish now how much they paid the salesmen—the people hired to sell the melons in the market. Their charges could change repeatedly in a day.

And now we hear from all sides: the market, the market... We go to bed and get up in the morning to the sound of debates about the market. And everyone is involved—even old women who even yesterday did not have a clue that in addition to the familiar bazaar there could also be another kind of market—and those who have gone with empty bags through the empty store resolutely respond to television reporters: They are for it.

But to this day the market path is "shady." Or, which is the same thing, it is criminal.

In the USSR Procuracy they objected: The situation is different now. Times have changed and judicial practice has changed along with them. The appropriate instructions, including "On Mistakes in Resolving Cases With Temporary Brigades Employed in Agricultural Production," were sent out to the local areas long ago. There are almost no "migrant worker" cases. So the Positko case is not typical as of today.

All that is wonderful, of course. But in our country, as we know, not only economic but also legal processes are like campaigns. And they are determined by political campaigns. Is it an accident that the "peaks" of repression against economic workers come at times after "thaws"? After the NEP, for example? After the 1965 reform... It is understandable that, responding to appeals for enterprise and initiative, economic workers most often fall into traps during those periods. But it is also obvious that by strengthening criminal sanctions the system has also "tightened" the loose economic levers.

Now the arrow indicating the economic "thaw" has gone off the scale. The law enforcement system has been hypnotized by perestroika verbiage, and people are trying as hard as they can to make common sense out of the laws that have worked against it for decades. I found these figures. While five years ago—in 1984—7,548 agricultural leaders at various levels were convicted of economic crimes, last year there were 2,174—that is, three-and-a-half times less. Of course, this does not mean that there are fewer legal violations in agriculture. It is simply that actions once considered criminal are no longer regarded as that.

I was told that in the country as a whole about 50,000 economic cases have been resolved. Including through protests from the RSFSR Procuracy—more than 500. Through the Union procuracy, 78 economic workers have been rehabilitated and 73 sentences have been reduced—and that is all for last year and the first half of this year. The work is indeed colossal.

I was even permitted to look at the file of protest about economic cases.

Chakaryan, Marlen Karapetovich. Sentenced by the Krasnodar Kray court to nine years for grand larceny. Under an agreement with the Sireika Sovkhoz in Temryukskiy Rayon, he manufactured grapevine stakes at a price of 41 kopeks each. He adjusted the order to fit this price and in essence there were no violations. The case had to be closed because of a lack of material evidence of a crime.

Vampolskiy, Moisey Nukhimovich. Sentenced to seven years in a high-security corrective labor camp for large-scale speculation. He purchased a matzoh in a synagogue and filled orders from believers. They would send him whatever amount of money they considered fair. The case had to be closed because of a lack of material evidence of a crime.

Levin, Leonid Mikhaylovich. Sentenced to 12 years incarceration with confiscation of property and a term of three years in a high-security corrective labor camp. He manufactured napkins "under the counter." He harmed no one and he used his own material for production, which means he should have been convicted not of theft but of private entrepreneurial activity.

And now I assume that many a cooperator is shaking in his boots: What is one engaged in if not entrepreneurial activity when one produces products with one's own material? Lawyers say that cooperators are not convicted for this. But that is today. And is there a guarantee of what one can be convicted for tomorrow? The laws are the same, although it was declared long ago that work on criminal legislation had begun. It is clear to everyone that one cannot demand that the procurators, providing for observance of the law, be guided by appeals and public opinion or even common sense. Is this really such a problem for legislators—to take and eliminate criminal liability for what they themselves consider not only normal but even desirable? So that labor can be evaluated in terms of the final result. So that the initial meaning can be returned to the word "theft." So that speculation will no longer be confused with trade...

And it automatically comes to mind: Perhaps it is not by accident that they are dragging their feet in changing the laws. They say: Who knows, as soon as they turn around the state will have to defend its economic monopoly again. The instrument should be ready. The market? Well, no matter how much noise they make about it, we never had it and we do not have it.

But the market cannot appear until there is legal support for it. It is a direct interconnection: Even if today they look the other way at violations—the fact that the old legal norms exist suppresses people's business activity. It is as it was with political dissidents. Only after they had removed from the Criminal Code the articles punishing "anti-Soviets," only after they had released the political prisoners could people see that the course that had been declared toward glasnost and political freedom was real.

The authors of the "500 day" Program, incidentally, understood this quite well—it is no accident that in the list of extraordinary measures envisioned for the first 100 days they included amnesty for people convicted of economic crimes and abolition of the articles restraining entrepreneurial energy.

It is another matter that only echoes remain from the program...

I saw Vasya again recently. He was given a "parole settlement" after his sentence was lightened and he now lives in a small village near Kherson. In his free time he plays with go-carts with the children in the neighborhood. He is proud: His wards did well in the representative competitions in Kiev.

"When will you be released and get some land?"

"Under present conditions—never. I see how renters pay. They have to ask for everything from the boss again. And with my label as a thief... Or should I bribe someone? If the system is built on prohibition and shortages—there is no other way out. So I will not lease any land. I will only buy it. So that it is completely mine. And so that I will not demean myself."

"But land could cost a lot."

"Well, let them work their own expensive land. They have fouled things up so that we pay billions for what we raise in our yards."

And he added that he had come up with a slogan:

"It is really very funny. The country is starving while I sit in jail."

And it seemed to me that this formula expresses all of our economic and legal absurdity. Because what dependency does it reveal? The opposite of the one with which we began: The more freedom people like Vasily Positko have, the less we will have to stand in lines. The country cannot starve if the people who are willing and able to work have the land and the will. This, incidentally, could well be considered the first law that any rational economy should obey.

It is a pity, of course, that so far there is no such law in our codes.

Republic Food, Consumer Goods, Services Performance Reviewed

Central Asian APK Report

914D0063A Dushanbe KOMMUNIST
TADZHIKISTANA in Russian 7 Sep 90 p 2

[Article by the Statistical Administration of the Agroindustrial Complex of Tajik SSR: "Central Asia and Kazakhstan: Aspects of Cooperation"]

[Text] One of the main directions for improving the prosperity of the people has been and still is maximum satisfaction of the needs of the public for foodstuffs. If this problem is to be solved reliably, the republic's agroindustrial complexes must increase sharply the efficiency of agricultural production and of the processing of its products.

The agroindustrial complex of Central Asia and Kazakhstan is an integral part of the country's unified complex producing one-eighth of the gross social product, one-sixth of agricultural output, including one-seventh of the grain, more than nine-tenths of the raw cotton, almost one-fifth of the vegetables, one-tenth of the milk and eggs, one-sixth of the fruit, berries, and grapes, one-eighth of the meat, one-ninth of the canned fruit and vegetables, and one-fourth of the vegetable oil. At the same time, the region's share in deliveries to unionwide stocks has been 34 percent for vegetables, 74 percent for melon crops, 17 percent for fruit and berries, 60 percent for grapes, and 12 percent for meat and meat products.

During the first four years of the FYP, the branches of Kazakhstan's agroindustrial complex absorbed 17.4 billion rubles of capital investments from all sources, or more than a third of their total volume in the economy, and for Uzbek SSR the figures were 15.2 billion rubles (about half), for Tajik SSR and Kirghiz SSR 2.8 billion each (more than two-fifths and about half, respectively), and for Turkmen SSR—2.9 billion rubles (about two-fifths).

A certain growth in the volume of output of agricultural production, especially animal products, has been achieved in the republics during that period. At the same time, the needs of the public for foodstuffs and the needs of the economy for agricultural raw materials are not being sufficiently met. The pace of production that has been achieved has not been enough for fulfillment of the targets of the Food Program, as indicated by the figures in the table below:

	Percentage of Fulfillment of Target of Food Program for Period 1986-1989 (Annual Average)				
	Kazakh SSR	Uzbek SSR	Kirghiz SSR	Tajik SSR	Turkmen SSR
Grain	79	91	109	95	78
Potatoes	82	—	88	75	101
Vegetables and melon crops	80	79	95	65	84
Sugar beets	63	—	—	—	—
Fruit and berries	65	—	53	62	80

	Percentage of Fulfillment of Target of Food Program for Period 1986-1989 (Annual Average) (Continued)				
	Kazakh SSR	Uzbek SSR	Kirghiz SSR	Tajik SSR	Turkmen SSR
Grapes	52	—	33	52	84
Sunflower seed	84	—	—	—	—
Meat (carcass weight)	100	78	102	87	90
Milk	98	77	130	89	110
Eggs	105	—	107	81	91

In the average year, Kazakhstan's economy has fallen short seven million tons of grain (28 percent of the average annual output), 438,000 tons of potatoes (21 percent), 407,000 tons of vegetables and melons (26 percent), 233,000 tons of fruit, berries, and grapes (65 percent), and 114,000 tons of milk (3 percent); the figures for Uzbekistan are 1.8 million tons of grain (103 percent), 986,000 tons of vegetables and melons (29 percent), 133,000 tons of meat (31 percent), and 770,000 tons of milk (28 percent); for Kirghiz SSR, they are 42,000 tons of potatoes (13 percent), 36,000 tons of vegetables and melons (6 percent), and about 200,000 tons of fruit, berries, and grapes (119 percent); for Tajik

SSR, 65,000 tons of potatoes (33 percent), 358,000 tons of vegetables and melons (53 percent), 93,000 tons of fruit, berries, and grapes (24 percent), 72,000 tons of milk (13 percent), and 112 million eggs (19 percent); for Turkmen SSR, 104,000 tons of grain (28 percent), 125,000 tons of vegetables and melons (19 percent), more than 42,000 tons of fruit and grapes (21 percent), 11,000 tons of meat (11 percent), and 32 million eggs (10 percent).

While there has been a certain annual increase in the per capita consumption of the principal foodstuffs, all the republics are still far from meeting the public's need for them, as confirmed by the figures in the table below:

	Actual Consumption in 1989, in kg				
	Kazakh SSR	Uzbek SSR	Kirghiz SSR	Tajik SSR	Turkmen SSR
Meat and meat products converted to meat	70	31	51	29	40
Milk and dairy products converted to milk	300	200	273	165	194
Eggs, number	229	119	150	121	111
Fish and fish products	10.4	4.8	5.0	3.9	4.1
Sugar	38.5	24.1	29.1	29.6	28.9
Vegetable oil	10.5	11.8	9.6	12.0	8.2
Bread products	146	165	138	169	164
Potatoes	74	25	67	86	33
Vegetables and melons	94	99	88	90	109
Fruit, berries, and grapes	11.4	25	21	18	26

The actual level of consumption of the principal foodstuffs by the population of the republics is far lower than required (the physiological or scientifically sound level). For instance, in Tajikistan meat consumption is only 35 percent of the necessary level, in Uzbekistan 38 percent, in Turkmenia 49 percent; for milk, the respective figures are 41, 49, and 48 percent, for eggs, they are 41, 41, and 38 percent, and for fish they are 23, 28, and 24 percent.

At the same time, we should note the clearly pronounced imbalance in the diet of the region's population—bakery products, sugar, hulled and milled grains, and potatoes are dominant in the diet.

Since the republics are to make the transition to the principles of self-government and self-financing, the issue of the self-sufficiency of the republics, i.e., covering consumption with their own production, solid economic ties both among the republics of Central Asia and Kazakhstan and also with the regions of the country and the external market, is more important today than ever before. At the present time, the actual consumption of the principal foodstuffs by the population of the republics of Central Asia and Kazakhstan is only partially covered from their own production, as confirmed by the figures given below for 1989:

	Level of Self-Sufficiency, in %				
	Kazakh SSR	Uzbek SSR	Kirghiz SSR	Tajik SSR	Turkmen SSR
Meat	134	78	108	77	71
Milk	96	73	92	67	56
Eggs	103	98	96	94	75
Potatoes	88	64	76	85	30
Vegetables and melons	94	184	163	164	170
Fruit and berries (including grapes)	73	175	127	802	210

At the same time, we should note that every year the republics deliver a substantial share of the products they produce to unionwide stocks. For example, in 1989 Kazakhstan delivered to those stocks 282,000 tons of meat (13 percent of the total volume of production), 195,000 tons of vegetables and melons (12 percent), and 260,000 tons of milk (5 percent); Uzbek SSR more than 1,125,000 tons of vegetables and melons (32 percent), 127,000 tons of grapes (31 percent), 36,000 tons of fruit and berries (7 percent), 25,000 tons of meat (5 percent), and 177,000 tons of milk (6 percent); Kirghiz SSR 162,000 tons of vegetables and melons (24 percent), 16,000 tons of meat (7 percent), and 5,000 tons of fruit and berries (6 percent); and the Tajik and Turkmen republics 95,000 and 217,000 tons of vegetables and melons, respectively (13 and 28 percent), and 37,000 and 31,000 tons of grapes (21 and 20 percent). When deliveries to unionwide stocks are included, the level of self-sufficiency of the republics drops another 2 to 50 percent for the principal foodstuffs.

Full satisfaction of the need of the population for foodstuffs, including the production needs of the farms and also mandatory fulfillment of targets for deliveries to unionwide stocks, then, means increasing the volume of production of these principal foodstuffs by 15-70 percent in Kazakh SSR (almost fivefold for fruit and berries), between 9 percent and more than 2.5-fold in Uzbek SSR, between 30 and 90 percent in Kirghizia (fourfold for fruit and berries), in Tajikistan between 25 percent and more than threefold, and in Turkmenia from 6 percent to more than fourfold.

To achieve the necessary level, assuming the average annual growth rates in the current FYP and minimizing product losses, Kazakhstan will take between another 3 and 13 years to achieve that necessary level (not including vegetables, melons, and fruit, which will take a longer period), and unless there is a sharp increase in actual rates of production, the Central Asian republics will not be able to perform this task at all even in the remote future.

Interrepublic trade has a determining role in shaping the total volume of each republic's trade.

In 1988, Kazakhstan imported from elsewhere in the Union more than 1.1 billion rubles' worth of industrially manufactured foodstuffs, which is one-fifth of total

production, including 860 million rubles' worth of raw food (25 percent). Sugar was the largest of these items (15 percent of the total volume imported), then fish and fish products (12 percent), fruit and vegetables (7 percent), and products of the milling, rolling, and hulling industry (3 percent). We should note that the largest sources of these imports were RSFSR (35 percent), Ukrainian SSR (24 percent), Uzbek SSR (6 percent), and Tajik SSR (5 percent). Industrially processed fruit and vegetable products and products of agriculture are mainly imported from Uzbekistan and Tajikistan, and milled, rolled, and hulled products from Kirghizia.

Agricultural products represent about 17 percent of consumer goods shipped out of Kazakh SSR. Amounts shipped to other regions of the country in 1988 and their share in the volume of production were more than 426,000 tons of milk and dairy products (14 percent), 340,000 tons of meat and meat products (36 percent), 266 million eggs (11 percent), 5,426,000 tons of grain (24 percent), 100,000 tons of vegetables (11 percent), 99,000 tons of melons (40 percent), 150,000 tons of flour (18 percent), and 212,000 tons of hulled and rolled products (64 percent). The largest volume of products of agriculture and the food processing industry was shipped to RSFSR (47 percent), Uzbek SSR (27 percent), and Tajik SSR (7 percent). The total shift to the Central Asian region was 6 percent of dairy products, 41 percent of meat products, 33 percent of grain, 48 percent of flour, 34 percent of hulled and rolled products, and 16 percent of the eggs.

In the republics of Central Asia, imports of various foodstuffs typically exceed substantially the exports in formation of the resources of the food industry and in satisfaction of their needs. At the same time, large volumes of agricultural products are being shipped out of these republics, in particular, raw materials produced in field cropping. For instance, Tajik SSR received from RSFSR 61 percent of the milled, hulled, and rolled products imported from outside, 60 percent and 39 percent of sugar products from the Ukraine and Kirghizia, respectively, and 74 percent of oils and fats from Uzbek SSR. It received from Kazakhstan 72 percent of the meat and meat products imported, 26 percent of the milled, hulled, and rolled products, and 66 percent of farm products. At the same time, the republic exported

to RSFSR 92 percent of farm products, 79 percent of fruit and vegetables to RSFSR, and 20 percent of oils and fats to Kirghizia.

In 1988, Turkmen SSR imported more than 1.3 billion rubles' worth of consumer goods from other republics (52 percent of market stocks), which is 940 million rubles more than shipped out. Kazakhstan was the principal supplier of meat products and farm products (81 and 48 percent of the amounts of these products obtained from outside, respectively). Products of the sugar industry were supplied by the Ukraine (60 percent) and Kirghizia (39 percent), fruit and vegetable products by Uzbekistan (48 percent), dairy products by RSFSR and the Ukraine (26 percent in each case), and confections by the Ukraine (79 percent). The republic mainly shipped out oils and fats (66 percent to RSFSR and 20 percent to the Ukraine), products of the wine-making industry (43 percent to RSFSR, 36 percent to Kazakhstan), and fish and fish products (82 percent to RSFSR).

Uzbek SSR shipped to other republics of the country more than 636,000 tons of vegetables (29 percent of output), 260,000 tons of fruit and berries (31 percent), 434,000 tons of melons (59 percent), and more than 116 million standard cans of fruits and vegetables (73 percent). The largest share of products shipped out goes to RSFSR, Kazakhstan, and Kirghizia. At the same time, the republic has received 163,000 tons of meat and meat products (91 percent of output), 981,000 tons of milk and dairy products (101 percent), 360,000 tons of sugar (total need), 199,000 tons of flour (28 percent), and 41,000 tons of rolled and hulled products (16 percent). At the same time, 77 percent of the meat and meat products come from Kazakhstan, 40 percent of the sugar products from Kirghizia, and 66 percent of milled, rolled, and hulled products from RSFSR.

Kirghiz SSR shipped out more than 136,000 tons of vegetables (33 percent of output), 28,000 tons of fruit and berries (27 percent), and 26,000 tons of melons (42 percent). At the same time, 69 percent of farm products were shipped to RSFSR. Products of the sugar industry represent a large share in the volume of products shipped out (48 percent); they are shipped to Uzbekistan, RSFSR, and Tajik SSR. About 20,000 tons of potatoes have been shipped into the republic (16 percent of production), 10,000 tons of meat and meat products (8 percent), 12,000 tons of pasta products (178 percent), and more than 41,000 tons of hulled and rolled products (73 percent). Kazakhstan shipped out farm products (58 percent of what was imported), sugar products (52 percent), and milled, hulled, and rolled products (60 percent). Oils and fats came from Georgia (37 percent) and Uzbek SSR (25 percent) and confections from RSFSR and the Ukraine (25 percent each).

Performance of the Food Program in the republics was mainly predicated on intensification of agriculture. But the production potential of this principal branch of the agroindustrial complex has not been fully utilized. The

yield and the level of soil and crop practices have remained low on most farms, the problem of restoring the fertility of irrigated land has not been solved, intensive technologies are not being used sufficiently, the productivity of animals in the socialized herd is low, the feeding of livestock has not been satisfactorily organized, animal feed resources are scant, feeds have not been balanced with respect to protein, trace elements, and vitamins.

Many of the problems in food supply to the public could be solved by eliminating the large losses of agricultural products in the processes of production, procurement, primary processing, shipment, storage, processing, and distribution. In Kirghiz SSR, more than 11 percent of the grain produced, about 8 percent of the potatoes, 7 percent of the vegetables and melons, and 6 percent of the meat are lost. In Kazakhstan, annual losses on this basis amount to 2.5 billion rubles; at the same time, one-fifth of the gross grain harvest and of vegetable and melon crops, one-sixth of the potatoes, and one-twelfth of the fruit, berries, grapes, milk, and meat are lost. In Tajik SSR, total losses in cropping and animal husbandry, including additional processing and feeding to livestock, amounted to 41.1 million rubles, 74 percent of which represent losses in socialized agriculture.

Prompt and quality processing of the products produced are very important to maximum delivery to the consumer. In the republics of Central Asia and Kazakhstan, this problem is being solved very slowly. The share of the funds used for these purposes in the total volume of capital investments assimilated in the agroindustrial complex does not exceed 6 percent. Because of failure to assimilate the allowance of capital investments and construction and installation work and because of the physical imbalance, programs near completion for activation of the most important production facilities and capacities of the republic's complex go unfulfilled every year.

In Uzbek SSR, fulfillment of targets set for the 1986-1989 period concerning activation of milling enterprises were fulfilled at only 57 percent, those of mixed feed enterprises 42 percent, and elevators 50 percent. In Kirghizia, 38 percent of the capital investments allocated for the food and gustatory and meat and dairy industries were not assimilated. Because of the extremely poor assimilation of the capital investments allocated in the period of the current FYP up to this point, this year in Kazakh SSR 37 percent of the production capacities for meat planned for the 5-year period, 38 percent of the capacities for canned fruit and vegetables, and more than half of the refrigerated capacity are to be activated this year. So far during the FYP, 182 million rubles of capital investments in Turkmenia's APK have not been assimilated, including 60 million rubles for construction and installation work, in Tajik SSR, the respective figures were 160 and 93 million rubles.

Over the 4 years, food production has increased somewhat in the republics. But the per capita production of

many foodstuffs has grown considerably slower than their total volume. In Kazakh SSR, per capita food production in value terms was 333 rubles in 1989, which is two-thirds of the national average, the corresponding figures in Tajik and Turkmen SSR were 166 and 184, the lowest figures in the country. In Uzbek SSR, per capita production lags considerably behind the average union level for a number of foodstuffs: one-third for meat, just over half for confections, and two-sevenths for whole-milk products.

In the processing branches of the agroindustrial complex of the republics, thorough processing of agricultural raw materials is not being introduced. Because of this branch's low level of development, some of the products are shipped outside the republics for industrial processing, which not only results in substantial losses, it also deprives the republics of the opportunity of using secondary resources themselves in production.

Nor is full use being made of existing production capacity. For example, capacities for the production of canned fruits and vegetables and canned meat products are being utilized at a level of only 50 percent in Turkmen SSR. In just the last 4 years, the population has received more than 125 million and 4 million fewer standard cans, respectively, and in 1988 this caused reduced output by 20.6 million rubles, including 8.2 million rubles for whole-milk products. In Kirghizia in 1989, there was a similar shortfall of 17,700 tons of meat, 14,200 tons of sausage products, 119,100 tons of whole-milk products, and many other products.

So far during the FYP, the republics have not seen any radical improvement in the state of affairs with product quality nor a noticeable expansion of the assortment of foodstuffs. And the production of substandard products is compounding the shortage that exists for many products. What is more, in spite of the substantial losses of foodstuffs during production and distribution and their low quality, the republics are experiencing an ever larger shortage of products packaged under industrial conditions.

Development of the processing branches of the republics of Central Asia and Kazakhstan is being held back because of the shortage of processing equipment. This problem is particularly acute for enterprises in the meat and dairy products industry and canning industry and confectionery factories.

Sound organization of the food distribution network has an important role in the sufficient food supply. But this problem is not being solved in the region. Deliveries to the trade network from market stock have been reduced for such goods as sausage products, tea, butter, lard, sugar, canned fruits and vegetables, and dairy products, and confections.

The inadequate supply of food to the public is being compounded by the flow into the distribution network of a large quantity of substandard foodstuffs and also the extremely low technical condition and development of

warehouse space and storage facilities for potatoes, vegetables, and fruit. For example, in Kazakh SSR the actual adequacy of storage facilities is only 70 percent, the proportion of forced ventilation is only 25 percent and that of refrigeration 18 percent in the distribution network. In Tajik SSR, 52 percent of the storage facilities do not have mechanical refrigeration or forced ventilation, in Uzbek SSR the respective figures are 23 and 43, and in Kirghizia they are 74 and 64.

This analysis indicates that the region has large untapped potential for improving the supply of food to the public. The extremely important tasks which follow have to be performed in order to speedily tap that potential:

- achieve stable steady growth of the volume of agricultural production and improve its efficiency on the basis of improved geographic location, specialization, and intensification;
- eliminate the discrepancy between raw materials resources and capacities for processing them, bring the processing and storage closer to points of efficient production of agricultural products in order to preserve the volume and quality and increase the food value, expand the assortment of foodstuffs, and utilize raw materials thoroughly;
- bring the volume of delivery of basic foodstuffs to all union stocks into line with actual production conditions and self-sufficiency of the republics;
- the republics must strictly observe contractual obligations to one another with respect to the size of deliveries and delivery dates, optimize economic ties with one another on the basis of negotiated prices;
- equalize levels of consumption of the principal foodstuffs through mutually advantageous exchange among the republics;
- by way of redistribution among the republics, it is advisable to reduce the production of cotton and rice in Kazakhstan and increase their production in the republics of Central Asia. This will make it possible for Kazakhstan to deliver more meat, vegetables, fruit, and berries to the other regions;
- the republics of Central Asia and Kazakhstan should reduce as much as possible deliveries of basic foodstuffs to other regions of the country (in particular, to RSFSR, the Ukraine, the Transcaucasian republics, etc.), and on the other hand increase what they get from one another;
- by organizing and expanding the output of products with a high degree of preparation, Kazakh SSR should ship out intermediate products or finished products instead of raw materials;
- the republics of Central Asia should increase deliveries of fruit, grapes, vegetables, and melons in both fresh and canned form to Kazakhstan (in exchange for meat products, grain, etc.).

Kirghizia 9-Month Report

914D00063B *Pravda SSSR* (KAZ) 4 KIROZ/114
in Russian 18 Oct 90 p 1

[Article by L. Kondrashevskiy: "The Way We Live Depends on How We Work: Our Results for the First Nine Months"]

[Text] It is a long time since I have had occasion to hold in my hands such a depressing statistical summary of the state of affairs in the economy of Kirghizia as I have over the past nine months. There is probably not much here that is unexpected. When in the country's economy signs of a slump have become evident everywhere, it has been hard for our republic to maintain the rates that were set, but mainly it did manage. But the reefs of the universal economic disintegration were also lying in wait for us.

Among the great number of indicators in which the statistics fit the production life in all spheres, it is now rare to find favorable ones. Those for which the absolute result or relative growth rate are at least not lower than for the same period of last year.

They are the production of consumer goods (up 3.3 percent) and activation of housing (up 21 percent). The growth rate of retail commodity sales remained at the level of last year. The volume of paid services rose 3.7 percent (10 percent in 1989).

And that is probably all. For the rest, there has been a downward skid. The national income produced is down 0.9 percent (a year ago the growth was nearly 3 percent), the volume of industrial output is down 0.6 percent (the corresponding increase was 5.1 percent).

Production has fallen off for 67 of the 110 most important industrial products, and planning targets were not met for half of the items. The downward trend has continued in the mining of coal and petroleum and gas production. The volume of freight traffic is down, and utilization of motor pools has fallen off. During the first 8 months (the figures for September are still being calculated), profit was down more than 38 million rubles, or 4.5 percent.

The state of the consumer market and the food market in particular are a topic in themselves. Here, there is perhaps only one item—the production of alcoholic beverages—that represents a consolation because of its three-digit growth figure. Almost 111 percent. Food production as a whole was down 2.3 million rubles, or 0.3 percent, from last year. Although planning targets for certain foodstuffs were fulfilled and even overfulfilled. Here is what the situation looks like in physical terms.

Let us take meat. There is a plan, but a year ago our production of meat products was 6,700 tons, or 9 percent, larger. There was no plan for sausages, and their output was almost 13 percent below last year. Granulated sugar: a 3-percent overfulfillment, but 11 percent below 1989. A similar situation with butter. The situation with vegetable oil is fine.

B. Akkazyev, chairman of KirSSR Goskomstat, commented as follows on the results of operation for the first nine months:

"During this year, which has not been an easy one," Bulat Akunovich believes, "the situation in the republic's economy was appreciably determined by changes in

methods of economic activity, reorganization of structures, and the reorientation of certain spheres. Conversion, for example. But there turned out to be more adverse things than favorable changes. Moreover, a sharp drop in the volume of production, especially of raw food, began in the third quarter.

"Many economic ties have been broken. This aggravated still more the difficulties in material and technical supply of enterprises, and contract discipline has fallen off. As of this moment, overdue deliveries exceed 92 million rubles. The deterioration in the operation of the agroindustrial complex this year has affected the situation with foodstuffs. Compared to the January-September period of 1989, grain sales to the state have dropped off 32 percent for grain, 18 percent for vegetables, and 14 percent for potatoes. There has been a drop in the size of all herds of livestock and poultry and in their productivity.

"It is no surprise that plans for delivery of principal foodstuffs to the trade sector have consistently failed to be fulfilled. In the third quarter alone, there was a 4-percent drop in meat and meat products, a 9-percent drop in milk and dairy products, a 10-percent drop in butter, and a 17-percent drop in vegetable oil.

"The difficulties with food are being caused by rising prices on kolkhos markets. Vegetable prices have risen 1.2-1.6-fold over a year ago."

"I would not like to conclude the commentary, Bulat Akunovich, on a pessimistic note. What kind of bright outlook is there?"

"As an economist, I see the way out through speedy adoption of measures to stabilize the economy and make the transition to the relations of a regulated market."

Azerbaijan Minister's Interview

914D0063C Baku BAKINSKIY RABOCHIIY in Russian
20 Oct 90 p 3

[Letter to the editors from M. Mustafayev and interview with Sahir Musayevich Bayramov, AzSSR deputy trade minister, by L. Polonskiy: "Food Backed Up by a Guarantee"]

[Text] Dear editors. More and more frequently television programs are showing us deserted stores in Moscow and Leningrad, in Leningrad and the cities of the Volga valley.... In Baku, we so far—so far!—have not been suffering so much from the food shortage. People who come to buy things, guests of the city, tell us: You are living in paradise. I deliberately made the distinction between "those who come" and "guests of the city." Because these are different categories. "Those who come to buy things" try to accumulate more goods and protect ago, at the future. They do so in such quantities that I decided to express my adverse opinion of this.

While the citizens of Baku are working, they literally devastate the stores, making "wholesale" purchases on a

scale that is intolerable. My apologies to those guests who want to take food and souvenirs from our city or buy drugs they need in a pharmacy, but when this is done in violation of reasonable rates of consumption, I feel this cannot be tolerated. I think that the people of Baku should be protected in some way against this kind of assault, that some kind of limitation should be put on this speculation with consumer goods. I know that in many cities of the Union they have ration cards, "calling cards," to buy staples. This is a sensible measure during shortages, one that makes it possible to prevent goods from being taken away, which at this point is not limited in any way. What do the competent organizations in Baku think about this?

M. Mustafayev

[Polonskiy] Sabir Musayevich, the letter from a reader which you have seen is not by any means an isolated case in the mail received by the editors. People are disturbed by the food situation, and they are showing anxiety. Until recently, we had every reason to believe that in Baku, in Azerbaijan, the store shelves looked considerably better than in a number of other regions of the country, and indeed even now, it seems, we are better off on the whole. But disruptions are occurring which until recently we did not have, it is more difficult to find food which previously was abundant.

[Bayramov] To a certain degree, that is true. The general difficulties have spared us. There has been anxiety and fear and vacillation related to the upcoming entry upon market relations. We know that the incautious statements of leaders of the union government have locally caused a very tumultuous reaction on the part of purchasers, have resulted in speculative demand, some goods which previously were not scarce have disappeared from the open market. Under these specific conditions, it is particularly important to put the trade sector to rights, to supply our citizens the necessary foodstuffs. Ration coupons, for instance, had to be introduced in the republic on butter, meat, and poultry, and they have provided that kind of guarantee.

[Polonskiy] Yet this year coupons for sugar were added to them, but there appeared to be an abundance of it. By contrast with other places, in Azerbaijan sugar has not and is not being used to make home brew.

[Bayramov] Ration coupons for sugar were a measure imposed on us. Consumption within the republic did not increase substantially, and market stocks were not substantially reduced. The situation with sugar was becoming worse and worse because people had to go to carry more and more of it out of Baku and the republic to other regions. Those who came literally emptied the stores. For example, in a short period of time shipments from Baku of sugar alone increased fivefold. Ration coupons, which by definition are not welcome in the trade sector, have managed to relieve the strain. Most families, I am judging from numerous responses, have quite enough of it.

[Polonskiy] The situation with the demand for sugar is quite indicative of the processes we have been encountering. In the Baltic republics, in Belorussia, Moscow, Leningrad, and other regions, they have organized the sale of goods, including staples, on the basis of passports, identification, "calling cards." We have not done that, and some people have been abusing this situation. Incidents have been reported in the press in which refrigerated trucks and other trucks carrying food out of the republic have been stopped on the highway. "Guests" leaving with heavy sacks, boxes, cartons, and backpacks by rail, steamer, and long-distance buses have also loaded up with food.

[Bayramov] It is clear that this cannot be allowed in the future. The people of Baku, inhabitants of our other cities and regions, and the republic's entire public give indication of this. In order to establish a reliable barrier against the carting of food out of Azerbaijan and to strengthen the guarantees that the republic's population will have the optimum supply of food, the regulation of sales in the retail network has to be centralized. First of all, a procedure has to be established whereby foodstuffs and industrial goods are sold in stores on presentation of passports with local registration. At the same time, strict and effective inspection has to be set up on the branches of transportation to stop the unjustified carrying of goods out of the republic. A great deal of this responsibility is being put on the ministries of highway transportation and communications, the Azerbaijan Railroad and civil aviation administrations, Kaspar [Caspian State Maritime Shipping Company], as well as law enforcement agencies. All of this will make it possible to reduce unauthorized counterflows of goods both out of the republic and also within it.

[Polonskiy] An embargo, of course, contradicts the traditional hospitality and generosity inherent in the Azerbaijan people, but in view of the situation that has come about, there is evidently nothing we can do....

[Bayramov] Nevertheless, people on official trips, tourists, guests of the city, will be able to leave Baku and Azerbaijan with hands by no means empty. It is proposed that we allow every citizen to carry some minimum amount of goods. According to preliminary outlines, the limits to be carried out would be as follows: per person: confections 1 kg, two packages of tea, sausages and cheese 0.5 kg each, one chicken, two cans of fish, one package of baby food, five packages of tobacco products, one bar of laundry soap, two bars of toilet soap, etc.

[Polonskiy] Trade on the basis of passports, "calling cards," and ration coupons, and road patrols will help to stabilize the situation with food in the republic. But it is obvious that we should still count on a growth of deliveries. By contrast with other cities, Baku has had no trouble with bread sales, but at this point you cannot even buy flour in the store.

[Bayramov] Flour, it is true, is going now primarily for baking bread and to the confection industry. At the same

time, the republic possesses a sufficient quantity of grain for making flour to be sold directly to the public. The root of the problem lies in the shortage of capacities for making flour. The Divichi Milling Combine with an annual output of 600,000 tons of flour was planned for initial operation back in 1988. Then the starting date was moved back to 1989, 1990.... Nor is there confidence that the milling combine will go into operation even next year. Given present realities, the decision was made to put in operation some 300 small mills unjustifiably closed down at one time or another and neglected in rural areas. They can annually produce at least 800 tons of flour. Local inhabitants will be able to have their own grain milled at those small mills. And this means that the substantial amount of flour which is now going from Baku to outlying areas for breadbaking and sale will remain in the city and will be sent to the retail distribution network.

Let us talk about deliveries and the distribution of stocks. We are all entitled to make very serious complaints against the republic agroprom and other organizations working for the market. They are in debt to the public. The republic's government is taking decisive steps to increase the production of foodstuffs and is looking for untapped potential. Plans for the October-December period call for delivering an additional 2,000 tons of whole-milk products over and above the average quarterly quotas, 2,700 tons of meat and poultry, 7 million eggs, 3,300 tons of vegetables, 2,600 tons of fruit, and 2,300 tons of potatoes. The association "Azerryb-prom" has assumed the obligation to produce 3 million standard cans of fish products. The shipment of table grapes purchased from the rural population is being stepped up as much as possible. The startup of the Sumgait Food Combine, which is being pushed, will make it possible to increase greatly the sales of confections of all kinds.

I would like to note that we need more flexible and astute distribution of food among the zones of the republic so as to take into account customs and tastes. In Lenkoran, for example, they like rice much more than they do in Belokany, but they are comparatively indifferent to pasta.

[Polonskiy] Sabir Musayevich, what is the situation with meat, which is now being covered by ration coupons?

[Bayramov] It does not arouse enthusiasm, to put it mildly. A decree of the USSR Council of Ministers was published the other day that recognized the situation with the meat supply in the country as extremely unsatisfactory. It spoke about flagrant violation and a disruption of deliveries within the Union. Azerbaijan is feeling this. The Ukraine alone was short 23,000 tons of beef to be delivered to us this year. Top officials of the trade ministry have traveled there repeatedly, they managed to get the planned flour and grain and various raw materials for the mixed feed industry shipped, but they were unsuccessful with meat. For the present, our people will be buying canned meat products and poultry on the basis

of ration coupons. According to calculations, 1,000 tons of poultry meat will be purchased up to the end of the year from rural inhabitants for delivery to Baku.

When it obtains sovereignty, the republic will be able to go directly onto the external market, to establish direct business relations with foreign trading partners. Transactions being concluded and planned, most of them not involving foreign currency, are very advantageous for us and promising. For example, by trading vodka we do not need with an American firm for 1,000 tons of chicken, to some degree we made up the shortage of meat products in the stores at a critical moment. At the Azerbaijan Business Congress that is now taking place, they are also discussing various proposals for deliveries of foodstuffs from abroad. During the discussion with business people, it became clear that they are ready to supply the republic large quantities of meat and other foodstuffs we need badly in exchange for raw materials and a number of products produced in Azerbaijan.

Many of our organizations will now enter into contractual relations with foreign firms, corporations, and trading partners from other republics of the country. For that reason, to prevent duplication and efforts at cross purposes, it seems advisable to create in the very near future a coordinating council for importation of food from outside.

I would emphasize once again: improvement of the food market depends to an immense degree on establishing strict order on the exporting and distribution of foodstuffs, on observance of delivery discipline, on mobilization of internal resources, on the energetic activity of people's deputies and agencies of Soviet Government at the local level, and on each of us being civilized in his consumption.

Belorussian Food Situation

914D0063D Minsk SOVETSKAYA BELORUSSIYA
in Russian 2 Nov 90 p 1

[Article by N. Kozko: "The Main Thing Is To Stay Calm"]

[Text] ...On my way to work, I looked into two food stores. To see if there had been any changes now that the deadline of 1 November had come.

In one, there was a line—but not for butter, eggs, or meat, since those goods do not exist at all, but for "chewing gum" and marshmallows. In the other one, the clerks were leaning against the pillars and looking sadly at 3-liter bottles of birch beer taking up space in the refrigerated meat shelves. So, you can see with your own eyes: the transition has been made to the market, food prices have not risen, but the food itself does not exist.

"This is a temporary thing," V.A. Kovalevskaya, chief of the food department of the Trade Administration of the Minsk Gorispolkom, believes. "People were frightened by the talk about the rise of prices on 1 November, and

they simply snatched up everything. That created the impression that no food was being shipped to the stores at all. I think that once they hear the assurances of our top officials and become convinced that nothing terrible has happened as November approaches, the people will gradually begin to calm down...."

God willing, as they say. We have become accustomed to putting up with things and waiting. If only we did not have nagging doubts: Why did even those foodstuffs sold to the public on the basis of ration coupons disappear from the stores? After all, they were issued in accordance with stocks, were they not?

"It was September that really let us down," V.A. Kovalenskaya explains. "There began to be speculative demand, people immediately remembered all of their 'misaid' tickets for rolled and hulled products, flour, pasta.... Transport could not cope with the larger volume of orders—and it took them forever. We extended the validity of the ration coupons. So in October there was twice the load—its own load and the load from September. The Trade Ministry allocated to Minsk an additional 2,500 tons of flour, so that we will manage to the end of the year to meet our obligations with respect to this group. Incidentally, tell your readers from Minsk that the coupons for flour, hulled and rolled products, and pasta will be valid not just for the one month stated, but up to the end of the fourth quarter."

In the rest of the article, we will set forth the situation as briefly as possible:

There is just as much sugar as before, and if it had not been for the ration coupons that "cropped up," no one knows from where, distribution would not have been interrupted. Nevertheless, guarantees are being issued—we will get our sugar to the end of the year.

No particular difficulties with alcohol are expected either. It is simply because of those same rumors about higher prices that our consumer "produced" the cherished coupons which up to that time had been saved up as a guarantee for proper celebration of an upcoming anniversary or wedding. The city receives between 6,000 and 8,000 cases of vodka per day—that really is not little, is it?

The amount of tobacco delivered to the city every day is worth 300,000 rubles. If we are to judge by "appetites" of smokers in the past, this is a quite sufficient quantity. Incidentally, there has also been a "correction": the coupons for tobacco products will now be valid throughout the entire quarter.

And here is a news flash:

Ration coupons for butter (400 g per person per month) and vegetable oil (250 g) are being introduced in Minsk as of 1 November.

But what is the situation in the republic? V.P. Demyanovich, BSSR trade minister, spoke about this in a recent press conference devoted to the transition to the market.

"We possess sufficient resources for full and normal supply of the republic's population, and this also applies to the fourth quarter. But if the hoarding goes on this way, it will be difficult to stabilize the market.

"We do not need ration cards," the minister believes. "I have been trying hard to convince the government of this. The ration card system presupposes full equalization of supply to the entire population—the miners and the pensioners, it simply precludes the initiative of regions. Our viewpoint is this: In view of the speculative demand, the coupon system needs to be improved...."

Among the measures aimed at combating the counterfeiting of coupons: tighter control over the printing, the numbering of coupons, assignment of customers to a certain group of stores, and even ("If we manage to make an agreement with ZhES's" [housing management departments]) indicating the owner's passport number on the coupons.

...The market, more accurately the period of preparation for it, has begun to make itself felt. It would be naive to expect in early November any sort of abrupt changes toward stabilization of the present situation. At this point, we should stop and get our breath and give the authorities of the capital and the republic an opportunity to prove, at least by restoring the previous assortment in the stores, that they are in command of the situation and are as good as their word.

Even the most recent information gives food for thought: an excerpt from a decree of the Minsk Gorispolkom dated 30 October: "It is hereby decided that as of 1 November Comrade I.I. Garbuz, relieved of duties as chief of the Trade Administration, is being transferred to the position of director of the 'Belarus' Department Store."

You do not change horses, as they say, in midstream, unless that is what they want.

So, I.I. Garbuz decided to turn his "cart" over to someone else, preferring to work in a specific area. The question is whether that "cart" will run faster after this change of "horses"?

HOUSING, PERSONAL SERVICES

Moscow Soviet Issues Housing Reform Documents

914D0065A Moscow MOSKOVSKAYA PRAVDA
in Russian 31 Oct 90 p 2

[Text of draft housing reform documents: "Before the Moscow City Soviet Session: Let Us Become Familiar with the Draft Documents"]

[Text]

Basic Directions in Housing Reform

Submitted by the Moscow City Soviet standing commissions for urban development, architecture, and the construction complex, for municipal and energy services, engineering support, and public services and amenities.

In accordance with the 29 June 1990 decision of the First Session of the Moscow City Soviet, 21st Convocation, "On Transferring Ownership of State Apartments to Citizens," the Moscow City Soviet of People's Deputies decided:

1. To begin on the transfer and sale of housing as personal property of citizens on a voluntary basis observing the following basic principles:

1.1. Ownership of individual apartments is to be transferred or sold to citizens taking into account the total floorspace of the apartments and the cost of 1 square meter of total floorspace.

1.1.1. Floorspace is transferred free of charge at the rate of no more than the average floorspace provided a city resident (floorspace norm) and average cost of 1 square meters (cost norm).

1.1.2. The cost of each square meter of floorspace above the average floorspace provision is paid by the purchaser on a progressive scale.

1.1.3. When exceeding the cost norm of 1 square meter within the limits of the average floor space provision, the difference in the cost of housing is paid on a one for one basis.

1.1.4. When the cost of 1 square meter of total apartment floorspace is less than the average, the difference in the cost of housing is compensated to the owner.

The compensation is transferred to a personal specific-purpose bank account. The funds from the specific-purpose bank accounts are used in the acquisition and individual construction of housing.

1.2. In communal apartments, only ownership of floorspace is transferred or sold to citizens.

1.2.1. Floorspace is transferred free of charge at the rate of no more than the average floorspace provision and the average cost of 1 square meter for citizens residing in communal apartments.

1.2.2. The sale of floorspace in communal apartments is accomplished in accordance with paragraphs 1.1.2. and 1.1.3.

1.2.3. The procedure for using rooms attached to communal apartments remains the same.

1.3. The cost of 1 square meter is determined taking into account the consumer qualities of housing, including its location.

2. When acquiring new housing from the state housing fund, citizens are given credit for the full cost of the apartment or room redeemed and the accumulations located in the personal specific-purpose bank accounts.

3. When renting from the state housing fund, the owners of housing who registered as needing improved housing conditions turn over the housing in their possession, and the personal specific-purpose bank account is canceled.

4. Enterprises and organizations have the right to finance the acquisition of housing by citizens who are registered as needing improved housing conditions by transferring funds to their personal specific-purpose bank accounts.

5. Credit for a term of not more than 20 years is granted for citizens acquiring housing on the market or accomplishing custom construction.

Additional credit privileges are granted for young and large families and also to low-income families and citizens.

Accumulations in the specific-purpose bank accounts are used for crediting and also for financing state housing construction.

6. The amount allocated for state urban development is distributed among personal specific-purpose accounts in proportion to the number of years a person has been on the waiting list for improvement of housing conditions.

7. The owners of housing may form new housing cooperatives or other associations, including for joint operation of an apartment building.

8. Beginning on, to switch to a new system of paying rent and compensation for an increase in the cost of apartment rent. In developing the system, to take into account the following:

8.1. Apartment rent should not be lower than the operating costs and is established according to the size of the total area occupied and the qualities and location of the housing.

8.2. The amount of compensation should be differentiated according to the citizens' property status and the quality of housing occupied.

State subsidies for maintaining the housing fund and additional revenue from payments for excess living space are used as the main sources for compensation.

8.3. Payment for excess space is made according to a progressive scale.

8.4. Taking into account the introduction of compensation for an increase in apartment rent, to abolish all existing benefits for rent of occupied housing.

8.5. Taking into account compensation, apartment rent should not increase for citizens having average (normative) living conditions.

9. To instruct the Moscow City Soviet executive committee [ispolkom] by to work up and submit to the standing commissions of the Moscow City Soviet of People's Deputies the following documents:

9.1. Regulations for registering citizens in need of improvement in housing conditions and for distributing housing from the state housing fund in the city of Moscow.

The main criteria when registering citizens as needing improvement in housing conditions are level of income and housing provision.

9.2. Regulations for the use and maintenance of housing in various forms of ownership.

9.3. Regulations for the transfer and sale of ownership of available state housing to citizens.

9.4. The normative acts necessary for implementing housing reform.

9.5. Proposals on making changes resulting from this decision to existing housing legislation.

9.6. Draw up a program for compensation of expenses of citizens residing in houses of housing construction cooperatives at the start of housing reform implementation.

10. By the Moscow City Soviet ispolkom is to organize a housing exchange.

11. By the Moscow City Soviet standing commissions for urban development, architecture, and the construction complex, for municipal and energy services, engineering support, and public services and amenities, jointly with the ispolkom, are to submit for approval of the Presidium of the Soviet the documents necessary for implementation of housing reform in the city of Moscow.

12. Monitoring of execution of this decision is entrusted to the Presidium of the Moscow City Soviet of People's Deputies.

You can become familiar with additional materials on housing reform in the city of Moscow at the deputies' room of the Moscow City Soviet (Tverskaya, 13, 2nd Entrance, 3rd Floor).

Regulation for the Procedure and Conditions of Transferring Ownership of Apartments to Citizens

Submitted to the Moscow City Soviet Standing Commission for Social Policy.

In accordance with the 29 June 1990 decision of the First Session of the Moscow City Soviet, 21st Convocation, "On Transferring Ownership of State Apartments to Citizens" and based on the laws "On Ownership in the USSR" and "On General Principles of Local Self-Government and Local Economy in the USSR," as well as the Fundamental Housing Legislation of the USSR and Union Republics and the Housing Code of the

RSFSR, a unified procedure is established for free-of-charge transfer of ownership to citizens on a voluntary basis part of the apartments of the state and public housing fund, compulsory for rayon and the Zelenograd City soviets of people's deputies, their executive committees, enterprises, institutions, and public and other organizations (regardless of their departmental affiliation) located on the territory of the city of Moscow.

1. Procedure for transferring ownership of apartments of the housing fund of the city of Moscow to citizens

1.1. Only ownership of individual apartments occupied by citizens in state and public housing fund buildings of the city of Moscow is transferred to them.

Version 1.2a. All citizens having a permanent residence permit in the city of Moscow have the right to acquire ownership apartments.

Version 1.2b. Citizens having a permanent residence permit in the city of Moscow for more than 10 years have the right to acquire ownership of apartments free of charge.

1.3. An individual apartment of the state and public housing fund of the city of Moscow is transferred free of charge in shares or as family ownership to family members residing in this apartment in equal shares of the total floorspace.

1.4. Ownership of the following types of living accommodations of the state and housing fund of the city of Moscow is not transferred free of charge:

—apartments in buildings that as of 1 July 1990 were on the balance sheet of the Moscow City Production Association for Operating High-Rise Residential Buildings.

—rooms in communal apartments;

—apartments in buildings regarded as dilapidated and subject to reconstruction;

—official apartments;

—rooms and apartments in dormitories;

—apartments in buildings with a corridor lay-out and hotel-type buildings;

—apartments in buildings located in closed military installations;

—apartments in buildings that are architectural monuments.

1.5. Citizens who are registered for improvement in housing conditions as of 30 December 1990 and receive apartments in the future retain the right to obtain ownership of apartments in accordance with this regulation.

1.6. Citizens who are owners of the apartments they occupy pay for the maintenance, routine and major

repairs on contract terms or taking into account subsidies from the soviet budget.

II. Conditions for free-of-charge transfer of ownership of apartments of the state and public housing fund of the city of Moscow to citizens.

2.1. In the city of Moscow, the free-of-charge transfer of ownership of apartments of the state and public housing fund to citizens is accomplished within the limits of the guaranteed norm in accordance with Article 38 of the RSFSR Housing Code by recalculating the living space norm for one person and the additional living space into the total floorspace norm based on correlation of total and living space in the average typical home.

Version 2.2a. The total floorspace norm for one resident having the right to free living space is set at 20 square meters and the additional total floorspace at 10 square meters for a family and 15 square meters for single citizens in a one-room apartment.

To calculate the apartment cost, necessary for legalizing the transfer of ownership of total floorspace to citizens, the average cost is 115 rubles for 1 square meter of total floorspace is based on the actual cost of 1 square meter of total floorspace of average apartments and the average degree of wear of the city's housing fund—24 percent.

Variant 2.2b. The total floorspace norm for one resident having the right to free living space is calculated for each house based on a living space norm of 12 square meters and coefficients taking into account the correlation of total and living space, consumer qualities of the housing, and its location. The methods for calculating the total floorspace for each house are determined by a special unified normative document.

2.3. Citizens leasing apartments of the state and public housing fund, the total floorspace of which exceeds the total floorspace to be transferred free of charge, taking into account the number of residents having the right to acquire the housing as personal property, may acquire them as personal property provided they pay for the excess total floorspace according to a progressive square-law scale for each extra meter of area.

Payment for the excess total floorspace is made in installments over 3 years with an initial payment of 50 percent of the total amount.

2.4. Transfer of ownership of apartments of the state and public housing fund to citizens on a totally or partially free-of-charge basis is completed as a sale to ensure conformity of existing union and republic norms in the form of a decision of the presidiums of rayon and the Zelenograd City soviets of people's deputies according to a standard format, indicating the calculated cost of the apartment; a ruling on the sale of the apartment is made; and it is established whether the purchaser is completely or partially exempt from contributing money to the city budget or the need for payment of compensation.

2.5. Compulsory insurance of apartments that are property of citizens is introduced, on the analogy of private homes.

2.6. Citizens not wishing to legalize private ownership of the apartments they occupy retain the right to lease them under existing legislation.

III. Conditions and procedure for ensuring the right to housing for categories of citizens leasing living accommodations whose ownership is not transferable or residing in housing-construction and housing cooperatives

3.1. To ensure the right of ownership of an individual apartment to citizens who reside in living accommodations whose ownership is not transferable but who have the right to obtain an apartment on a free-of-charge basis and also to pay compensation to citizens residing in apartments whose total floorspace is less than that authorized them and to citizens residing in houses of housing-construction and housing cooperatives, the Moscow City Soviet issues bonds inscribed with the owner's name—housing fund bills.

3.2. Bonds inscribed with the owner's name—housing fund bills of the Moscow City Soviet are issued for each Muscovite included in these categories based on the total floorspace norm.

3.3. Owners of the bonds have the right to sell them to Muscovites at a freely established rate of exchange. In doing so, the bonds are destroyed and a bond is issued to the new owner with his name inscribed. Bond transactions are made on the securities exchange in the appropriate manner.

3.4. Bond redemption is accomplished by acquiring ownership of housing. In this case, the bonds are figured as the equivalent of money, taking into account the exchange rate of the bonds on the exchange.

3.5. Bondholders have a priority right to purchase apartments from the Moscow City Soviet communal fund.

Data on Tallinn's Housing Problems

914F0072A Tallinn SOVETSKAYA ESTONIYA
in Russian 17 Nov 90 p 2

[Article by Yaan Briker, assistant head of the housing department of the Tallinn Executive Committee: "Tallinn: Urgent Housing Problems"]

[Text] The editor's office felt it necessary to once again return to the problems of erection of housing in Tallinn and its distribution. Yaan Briker, assistant head of the executive committee's housing department, shares his opinions on these acute problems.

First I would like to offer a few statistics, because this occasionally boring science does provide a possibility for perceiving the dynamics of the process more concretely.

Construction of State Housing (Ordered by the City)

1987	1,794 apartments
1988	1,533 apartments
1989	881 apartments

Together With the City's Enterprises and Organizations

1987	3,373 apartments
1988	2,499 apartments
1989	1,638 apartments

Construction of Cooperative Housing

1986	1,317 apartments
1987	1,069 apartments
1988	621 apartments
1989	609 apartments

There are no data for 1990 as yet.

Now about the plans for housing construction in Tallinn in 1991. It is fully obvious that state construction ordered by the city will decrease even more. According to tentative data only four dwellings containing 270 apartments will be placed into operation. Two of them are intended for retired and disabled persons (these will be one- and two-room apartments primarily). The two others will be occupied by families from dilapidated rooms and dwellings to be torn down. All other construction will proceed at the expense of persons requiring it.

It's time to call a spade a spade—we are working toward an urban housing market, and the next move is up to the Supreme Soviet of the Estonian Republic, which will apparently examine the matter of apartment sales and make a decision in the near future.

Next year the city executive committee will create another two cooperatives, to which two dwellings will be transferred in Lasnamyae's Microdistrict No 8. One of them contains 216 apartments, of which 25 are intended for large families, 40 are intended for persons living in dilapidated conditions, 40 are intended for young families, and the rest will go to residents of Tallinn who had been subjected to repressions and are entitled to receive housing on priority. The other dwelling contains 324 apartments (apparently the largest in the Lasnamyae vicinity). The cooperative's members will be selected competitively here. We are currently preparing our proposals to the city executive committee in this regard.

Candidates for cooperative housing should know that in connection with the increase in prices on construction materials, the cost of the apartments will unavoidably rise as well. While prior to this time a three-room apartment cost an average of 13,000 rubles, in very short time it will be valued at 30,000. This is a large sum. A 25-year bank loan covering 70 percent of the value of an apartment can of course be taken out, but consideration

should be given to the fact that while today's loan recipient pays the bank only five percent per annum, in the near future he will have to pay as much as 10-15 percent per annum, at least in commercial banks. The following question arises: Will the state pay off such a major addition? It won't be long, you see, before additional expenses such as an increase in social insurance rates, and in payments for land, heating, water and electricity will occur. That is, quite obviously that coveted apartment will cost members of housing cooperatives a sum that terrifies the imagination even according to today's yardsticks.

It seems that our government should examine this social and political problem, and find a possibility for compensating for the expensiveness of cooperative housing, or raise payments for state apartments. After all, even if an enterprise is ready and willing to provide uncompensated assistance to its workers who are members of a housing cooperative, it must be remembered that according to the tax law, such financial support falls under the corresponding taxation article.

As a point of information to readers, 9,000 persons are presently on the list for cooperative housing in Tallinn, while around 20,000 are on the list for state housing. Moreover approximately 10,000-20,000 persons are not on the list for housing, because they are living in dilapidated dwellings slated to be torn down in the hope of moving to new apartments on priority.

Another interesting circumstance is that a rather large number of offers to purchase and sell apartments have recently been encountered in the newspapers. In my view this signifies that housing space is actually available in Tallinn, and this itself confirms the need for establishing a housing market in the capital.

I would like to return once again to the decree adopted by the Tallinn City Soviet on 16 August of this year, which has evoked such a strong response, and comment on some of its provisions. If we were to analyze the way housing has been distributed to tenants in Tallinn in the last few years, we would have to say that the existing rules for accounting and distributing housing have clearly infringed upon the interests of natives of Tallinn. So as not to be accused of making unsubstantiated statements, let me explain this conclusion with the following example. In 1984 the ESSR Council of Ministers published a decree which reduced the residency qualifying time in Tallinn to five years; prior to this, it was eight years. As a consequence people who arrived in the capital of Estonia in the late 1970s and early 1980s and were assigned to dormitories were immediately entitled to place their names on the list for privileged conditions, and began receiving apartments. In the meantime natives of Tallinn, for whom a rigid norm of six square meters per person existed (even though most of them resided in extremely poor conditions), could not qualify to even be put on the list.

The first attempt to correct this injustice was made by the Tallinn City Soviet in 1988, when it changed the housing distribution rules somewhat. It became easier for natives of Tallinn to enter housing cooperatives, but by this time, a sharp decrease in construction volume occurred, and the required impact never materialized. It was then that a decision was made to establish a rigid residency requirement in regard to acquisition of housing in the city—25 years of residency in Estonia, including the last 10 years in Tallinn.

The impression we are getting is that many who are indignant have not themselves attentively read the city soviet's 16 August 1990 decree, and have missed some important nuances. Thus, the city apartment commission can make an exception for those who have not lived in Tallinn for the last 10 years but who have still lived in Estonia for the necessary 25 years. Such persons include young specialists, persons who had been illegally repressed, and some other categories of persons. Some of the capital's enterprises and organizations acted wrongly and illegally when after 16 August they began striking from the waiting lists those who have not fulfilled the residency requirement as of that date. They must remain on the housing list until they accrue the required residency time.

Some situations in which this requirement does not apply have been foreseen. This pertains primarily to people who exchange apartments and to people who move from dwellings that are to be torn down and from housing destroyed as a result of natural disasters. Moreover as an exception and with regard for all circumstances, the right is granted to issue an order for housing space to people who have not fulfilled the residency requirement but who move at the initiative of enterprises and organizations from one dormitory to another, who obtain a free room in a shared apartment, and who accept an apartment smaller than the one occupied previously.

It is very important that lists of persons accepted into housing cooperatives prior to 16 August of this year and approved by the Tallinn City Executive Committee are valid. Persons in these cooperatives will receive their apartments. The same pertains to those to whom state apartments have been allocated.

The new rules currently being drafted will establish the procedures for renting and selling housing, and the conditions for membership in a cooperative. One thing is clear: The entire system of distributing housing in Tallinn will operate on a basis different from before.

ENERGY COMPLEX ORGANIZATION

Supreme Soviet Official Urges Elaboration of Energy Program

914E0043A Moscow PRAVDA 24 Dec 90 Second Edition p 3]

[Article by Prof. V. Bushuyev, chairman of the Supreme Soviet subcommission on the power industry, urging elaboration of energy program for USSR: "Three Pillars of Life". First paragraph is introduction]

[Text] *In the final analysis, natural resources and human labor are the foundation of all production. The ownership of energy resources and the knowledge of their correct use provide a reliable basis for solving all social tasks.*

Man and the environment for his existence are two inseparable components of life on Earth. There are already five billion of us today. And each of us apparently wants to live better. Better fed, warmer, more comfortable. But also safer, healthier, with more variety. And also live not in conflict with the surrounding world, but in harmony with it: with neighbors, with nature, with space.

How can we harmonize man's ecological and material needs, his desire to preserve the environment and the impossibility of renouncing the blessings of industrial civilization? The problem of efficient development of energy is especially acute. On the one hand, its facilities yield up to one-third of all harmful emissions of nitrogen and sulfur oxides into the atmosphere. Burning fuel converts natural oxygen to carbon dioxide, threatening the entire Earth with the greenhouse effect, and with radioactive contamination in case of a nuclear power plant accident. On the other hand, is it conceivable to spend the winter in apartments without heat and light, to leave factory machines without electricity, automobiles and airplanes without fuel? An apocalypse if we fall into one or the other extreme.

To avoid this, we must also define a strategy for efficient energy supply for social development, enabling us to sail between the two monsters: the Scylla of energy production and the Charybdis of power shortages. And the magical Circe pointing out the correct path must be a new Energy Program, one not consisting of the usual incantations and prophecies, but one based on a comparison of socially acceptable indices of the quality of life and the unavoidable economic and ecological costs involved in achieving them.

The consumption of primary energy resources per capita in our country is presently 6.7 tons of standardized fuel (tut) per year. Is this a lot or a little? In the USA, which is closest to us in terms of climatic conditions and the structure of material production, consumption is 11 tut; in Western Europe, where energy-intensive production is much less, only five tons are used per person. But it must not be forgotten that Western Europe, lacking its own raw materials resources, imports up to one-third of its total fuel-energy resources.

In the USSR, a large proportion consists of direct loss of energy resources and their inefficient use for the production of an irretrievably lost material product. Of course, there are losses everywhere, but the fact that they amount to almost 30 percent in our country is elementary waste, largely connected with the fact that some agencies produce it, others distribute it, while others yet use it.

The USSR Council of Ministers Bureau for the Fuel-Energy Complex was conceived from the very beginning as an agency responsible not only for production but also for the efficient use of fuel and energy in the economy. The USSR Ministry of the Power Industry and Electrification reflected even in its name this complex task regarding the highest-quality type of energy: electricity. Unfortunately, present government agencies have simply not implemented the issue in this manner. The notorious gross indicators: billions of cubic meters of gas and kilowatt/hours of electricity, and millions of tons of oil and coal, which have been the goals of our economic system, have led to a cannibalistic economy.

For example, our leading industrial sectors account for 55 percent of all energy resources used, while in the USA and Western Europe the figure is from 27 to 32 percent. Household and everyday needs, meaning direct personal consumption, amount to only one tut per year, while in the USA it is 2.3 tons. As to the proportion of electricity in total consumption of energy for such needs, it is nine percent in our country and 34 percent in the USA. The USSR widely uses 10-15 different types of electrical appliances, while the USA has over 40, and up to 400 such devices are known in the world, making man's life convenient and comfortable.

Granted, centralized heat supply in cities plays a much greater role here, and this is considered more efficient than providing individual residences with scarce gas and fuel oil, and with electric heating. But who has calculated the losses we incur each year from breakdowns and repairs of heating lines? How can we evaluate the inconvenience—to put it lightly—of lengthy absences of hot water in houses? How can we resurrect the village without providing gas and electricity to apartments?

Of course, everything has its reasons, which can be explained and even understood. But today we must not only illuminate our unsatisfactory condition; we must also define the measures to reorient our entire economy and power industry, including orientation towards man's direct needs.

The power industry is already taking one-fourth of all the economy's capital investments and one-fifth of its labor resources. And at that it barely meets society's needs. Because of such resource intensity, the fuel and energy complex (TEK), like our entire economy, has considerable inertia. The drop in production given the adoption

of appropriate decisions to substantially reduce investment, for example, occurs in 2-3 years, whereas restoration of the previous output (with additional investments) will only occur in 8-10 years.

In adopting decisions, therefore, we must not daydream and assume that thoughtless actions today can be easily corrected tomorrow. That is why in questions of energy development we need not stopgap decisions—to close certain facilities; to proclaim energy conservation as a panacea from all evils; to make a general transition to gas fuel or to nonconventional energy sources—but a long-term program for social reorientation of the power industry.

And first of all we must adopt those decisions providing an answer to the key question: What must be the social reference points for the economy possible for our capabilities and necessary for a dignified life, and what energy costs are required to achieve them? Of course, many of our "wishes" are very expensive. According to calculations by scientists at the Siberian Branch of the USSR Academy of Sciences, maintaining the present level of atmospheric emissions of fuel combustion products until the year 2000 given the necessary increase in TES's [thermal electric power plants] will require 17 billion rubles for gas scrubbing.

Of course, some costs must be borne, and there must be much lower growth in power capacity than previously planned. But all this demands not voluntaristic decisions but a systematic approach and multiple calculations. The ecological component of the cost of new electric power plants must be at least 30 percent, but this requires an increase, not a decrease, in capital investments in the TEK.

A full calculation of the energy needs for achieving all the social indicators of such a level of the quality of life, allowing for the potentially possible 30 percent energy savings at the first stage and 75-80 percent by the year 2010, reveals that the per capita consumption of all energy resources must rise to 7.7 tut by 2000 and stabilize at 8 tut per person per year at the succeeding stage.

Use of primary energy resources must also be reduced in industry to attain the planned growth in electricity as the ecologically cleanest energy product, the added production of motor fuel and the increase by at least 2.5-3 times of network gas for the village. By the end of the first stage, the level of gasification of apartments for the country as a whole must already be 80 percent of the total housing stock.

The question of energy exports remains open. The country desperately needs hard currency. We get almost half our hard currency today from the sale of oil and gas. Of course, it would be better to sell finished products, not the raw material. This would require raising the refinement level of hydrocarbon raw material from the present 60-65 percent to at least 75-80 percent. But this is beyond our present capabilities due to the lack of the

necessary equipment. This is also why we are presently unable to conserve more energy.

Through elementary measures such as the principle "turn off the lights when leaving" we can save only 5-7 percent, while designing and introducing energy conservation technologies will require one-time capital investments 1.5-2 times greater than the cost of expanding conventional energy production. Of course, this does not mean that we must continue in the old way. But counting how much things cost and honestly telling people without passing off the desirable as the possible, not proclaiming slogans and chanting incantations, is the duty of everyone who wants to do his job.

Looking "over the horizon," we must understand that our future depends on the current status of the power industry and on our decisions today. Unfortunately, we find ourselves today in a tough situation. Oil output has dropped, miners' collectives are up in arms, and we cannot boost gas production to survive these difficult times because of a series of unsolved ecological problems in the northern Tyumen oblast. Over one hundred of the country's major cities have a heat shortage.

At the public's demand, construction and operation have been halted at 70 electric power plants with a total capacity of 152 million kilowatts, amounting to half the present capacity of the entire EEC. Construction is not beginning of a single new electric power plant, whereas 40 percent of all energy equipment has completely outlived its service life. Reserve capacity is only 4-5 percent, against the standard 13 percent. References to the supposedly declared moratorium in Western Europe on nuclear energy do not take into account that the reserve capacity there is 35-50 percent.

Under these conditions, tipping the energy-ecology scales in one direction results in the collapse of the energy power industry, and thus the economy, in the breakdown of all social programs and the threat that the country will lose its entire life-support system. This does not mean that everything can be left as it is. But unfortunately, we cannot afford an instantaneous solution to ecological problems by rebuilding all the power industry's facilities. A compromise must be found. Achieving it requires an inventory by independent experts of all power facilities being designed or built. Such an evaluation must be financed not by government agencies, but by local, republic and union budgets.

The results, including an economic evaluation of the necessary additional costs of ecology and of possible losses in shutting down power facilities, must become public knowledge. And a special Decree by the president of the country, in conjunction with republic heads, must spell out who has the right to decide to close a given facility and who will bear the costs of closures and job retraining, and compensate consumers' losses. All these questions are interrelated, and must not be solved by cavalry charges.

In formulating the new Energy Program, ecological requirements must be viewed not as inevitable constraints on the realization of one or the other scenario for the power industry's development, but as an initial social starting point. It is precisely the social reorientation of the entire economy and the power industry which must justify a more intensive transition to consumers' use of more refined energy resources in place of primary ones: electricity and higher quality motor fuel.

Evaluating the need for social and ecological reference points characterizing the current standard of living in Western Europe, and considering the actual possibilities for our industry's reequipment, the prediction is fully justified that per capita electricity consumption will grow from the present 5,800 kilowatt-hours per year to 7,500 by 2000.

And the growing use of electricity in work and everyday life is not a hunt for dim phantoms, but the only way to improve the environment of human habitation. Of course, this will also cost a great deal. To achieve the rather modest goals of raising the standard of living mentioned above would require at least 200 billion rubles in investments in the fuel-energy complex in the next five years alone. This is a colossal amount, but nothing is free. Therefore, the formulation of various alternative scenarios and possible versions of the Energy Program must clearly indicate the relationships between the planned indices of quality of life, including reasonable ecological requirements and necessary expenses, and what this will cost.

Only after overall social guidelines have been adopted and the total costs of their attainment estimated can we speak of the structure of the entire energy complex, its regional aspect, the political, economic, technical, ecological and psychological conditions for implementing the Energy Program, and its possible transformations due to the uncertainty of many of these conditions. Nonetheless, it is important today that we single out and evaluate certain principles for the formulation and realization of the Energy Program requiring public discussion and even consensus.

First of all, it must be not a directive document, but a social and economic forecast for the country's rational energy supply. A forecast not only of the numbers describing the anticipated boundaries, but also of the possible paths for shifting from certain theoretical plans to better alternatives. For example, declaring a moratorium on the construction of AES's [nuclear electric power stations] or the further development of nuclear energy with underground construction of power plants or the rapid commissioning of new reactors with acceptable safety indicators; transition from a "gas interval" to mastering the underground gasification of coal; integrating the USSR power industry into the general European power system; and possible multiple changes in world prices for energy resources.

Second, this forecast must be comprehensive. It must not be restricted to possible natural balances of individual energy types (coal, oil, gas), but spell out the possible price policy for extraction of primary energy resources; the production of the consumer products (heat, electricity, motor fuel) and their efficient use in the consumer sector, agriculture and industry; and possible exports, allowing for world market conditions and the country's hard currency requirements.

Third, the forecast and its recommendations on the optimal (or desirable) scenarios for power development must be elaborated for the country as a whole, while the program for realizing these forecasts and recommendations must be formed from below: from the oblast to the region (republic), then at the union level. This is necessary to make the regional services (local Soviets and power companies), not the central government agencies, responsible for an efficient energy supply to their people and area.

Without question, regional prices for energy resources and local electricity and heat rates must also be allowed. These will allow a more effective solution to questions of regional energy balance and the use of nonconventional energy sources, by comparing the ecological damage from building electricity plants locally with the additional costs of importing energy.

And finally, fourth. Although planning decisions on the construction of one or another power facility must largely be done at the local level, and in coordination with local Soviets for national projects, the power sector can only be developed as an interrepublic structure. The USSR's long self-isolation from the rest of the energy world has resulted in inefficient use of our richest reserves of energy resources, to technological backwardness in creating ecologically safe equipment.

We must not allow our country's unified gas supply and electricity systems to be torn to pieces. Joining all the country's electricity plants in parallel operation would allow us to achieve a savings equivalent to three more Krasnoyarsk GES's [hydroelectric power stations]. Only by centralizing the necessary resources can we cope with the problem of creating new energy equipment, assimilating new conservation technologies, developing energy science and solving the problems of environmental protection.

V. Bushuyev, professor, USSR people's deputy, chairman of the USSR Supreme Soviet subcommission on the power industry.

Energy, ecology and economics are the three pillars on which the world stands. If any of them is destroyed, catastrophe is inevitable.

New Energy Block in Operation at Tbilisi GRES

914E0038A Tbilisi ZARYA VOSTOKA in Russian
6 Nov 90 p 1

[Article by ZARYA VOSTOKA correspondent Amiran Mitagvaria: "Now the Ninth: an Energy Block On Line"]

[Text] "Winter nights in Tbilisi will be bright this year," says Vakhtang Talakhadze, chief engineer of Tbilisi state regional electric power station. The reason for such optimism is bringing on line the station's ninth energy block.

The construction and assembly stage had taken longer than planned. In return, the first day of operation shows that all equipment is functioning properly. There are still some incompleteness and some fine-tuning to do, and that is why the operation will be stopped for a short time at the end of the testing period, to take care of minor defects. After that the block will operate at its full capacity. Approximately around 5-8 November the new power block will become a part of the Republic's power system. The new block's capacity is 300 megawatts.

The efforts of many collectives that participated in construction and assembly of the facility, should be especially noted. Especially considering that accelerated work is being done now to bring on line the tenth energy block of the state regional electric power station.

Power Industry Workers Voice Concern Over Energy Deficits

914E0038B Moscow PRAVDA in Russian 13 Dec 90
First Edition p 1

[Article by V. Parfenov: "Light and Heat—to the People: Notes From the USSR Power Industry Workers Congress"]

[Text] Yesterday, in the Hall of Columns of the House of Unions in Moscow, was the opening day for the congress of the USSR power industry workers. Its delegates—representing two million workers—are looking, in a businesslike manner and from positions of self-criticism, at the situation in this basic strategic branch of the people's economy during the period of transition to the market economy.

Before the congress opened, I approached a group of delegates in the lobby of the House of Unions and asked what they were expecting from the congress. In reply, the delegates started, in one voice, to enumerate the industry's ills. The substance of the answers was universal: They were all concerned whether the power industry would be able to provide enough light, heat, and energy for tomorrow's reinvigorated economy.

Power industry workers do not forget for a minute that everybody—kindergartens and schools, hospitals, bakeries, animal farms, electricity-powered transport, and plants and factories—depends on them. Work, leisure,

health, and spirits of millions of people are directly dependent on a reliable supply of electric energy, heat, and light.

Meanwhile, my interlocutors noted, the power energy is displaying increasingly more symptoms of plunging into a crisis. The same was clear from the main presentation by Yu. Semenov, the USSR minister of power and electrification, and many other delegates' speeches. The pace of bringing on line the new power station has drastically slowed down. One-third of the existing equipment is worn out and requires immediate capital repairs or replacement. Caving in to the frenzy of popular rallies, local authorities "froze" the construction of 60 power facilities, although their designs were environmentally safe and the power generators' reliability was guaranteed. Lately, especially during the last and the current year, the industry lost development dynamics. During 1965-1988, the average annual volume of new additions to power generation capacities was 10-11 million kilowatts; in 1989, it was only 3.8 million kilowatts. This year no more than 8.6 kilowatts is expected. Frozen construction projects included not only nuclear power stations, but also hydroelectric and thermal electric power stations.

The results of this battle between the "Greens" and the power industry, as well as the reduction of capital investment in the industry, are nothing to cheer about. Today the shortage of power generation capacities in the country stands at eight million kilowatts. To put it in a different way, we are short by two Bratsk hydroelectric power stations!

The failure to carry out the energy program has led to a situation where an increase in new power generation capacities lags behind the increase in consumption, thus causing the resulting shortage to be made up by overtaxing existing equipment, first of all at the thermal electric power stations. Power blocks at our thermal electric power station work on an average of 5,250 hours a year, while in West Germany this figure is 4,450 hours, and in the U.S.A., 3,600 hours. The rest of the time is used for preventive maintenance and repairs. We cannot afford this "luxury." As a result, equipment wears out faster, and the need to bring in new capacities is more pressing.

One more threatening consequence of this lag in power production development and introduction of new capacities is beginning to take shape. Our power reserves are at critically low levels. Normally the reserves should constitute 13-15 percent of the total output; our real reserves are on the three or four percent level. This is unforgivably low, especially if we take into account that in technologically developed countries of the world such reserves usually amount to 20-30 percent of the total production capacity.

There is such a notion: normative electric current frequency. When the power system is overloaded, the frequency can fall so low that the whole system will fail

and the supply of energy to consumers will cease. The normative electric current frequency in our USSR Unified Power Supply System has been maintained during the last two years, thanks only to warm winters and low energy consumption. If the coming winter turns out to be cold, many regions of the country will face a real energy crisis. The power industry workers' main task is to prevent such a crisis from happening. No objective reasons, the congress delegates were saying, should obscure those factors that depend on power industry workers themselves. At this point the difference between the expected and actual capacity is about 30 million kilowatts. This means that maintenance repairs should be accelerated and the accountability of the operating personnel should be increased in order to prevent accidents and unplanned stoppages of the equipment.

Another alarming note sounded at the congress was concern about preserving the unified power supply system in the country. Some republics are trying to dismember the industry, and to grab its parts into nationalistic or regional possession. This should not be permitted to happen. The USSR Unified Power Supply System is a complex body of power generating stations and relays that covers the entire country; this complex system has been created over decades, and it is impossible to dissect it in a painless way. Everybody will be a loser if this happens.

There is one more idea that had sounded clearly in many delegates' speeches, and that deserves attention. The power industry is not only a basic industry that supplies an underlying foundation for the progress of other industries; it also transforms the conditions of people's everyday lives. As one of the participants noted at the congress, modern human existence is inconceivable without electric energy; otherwise, it would be a step back to campfires and candles.

The congress will continue its work on 13 December.

FUELS

Georgian Gas Supply Problems Cited

914E0034A Tbilisi ZARYA VOSTOKA in Russian
14 Nov 90 p 1

[Article by Inna Busurashvili and Tamaz Lomsadze: "There Will be Gas a Little Bit Later...."]

[Text] For the past three or four days there has been no gas in Tbilisi. Neither in the apartment-house sector nor in the enterprise sector. The situation is complicated still more by the fact that the situation promises to drag out. And the causes—which could have been expected—lie in our recent past, in the inability to foresee the consequences of hurriedly adopted decisions and to uphold our policy.

ZV [ZARYA VOSTOKA]. Ordinarily, at the end of the year Georgia must get 28 million cubic meters of gas per

day. Under a shortened work schedule—24 million. Gas delivery does not exceed 8.5 million cubic meters today.

First about some technical details: gas arrives in Georgia from Azerbaijan and from the North Caucasus. This is in the best of times. Today, though, deliveries are being made only from our eastern neighbors. In the north, except for the evening and nighttime hours, the "spigot" has been covered up. And, what is more, deliveries at night do not exceed two or three million. And so consider....

And it is not necessary to seek out the guilty among the suppliers. They are clearly innocent here. Everything runs up against our irresistible passion for mass meetings. But the economy does not endure violence in any way, shape or form. Especially our warped and, yes, poor one, which should not even be called an economy. Many most likely remember that fuss which accompanied construction of the new North Caucasus-Transcaucasus gas pipeline. Construction started in 1986, and when the job was being brought to consummation, some segments of the trunk line needed work, it had been frozen. A year and a half later. The question arises—who was the initiator? The answer is simple: the public. Today they name various organizations which were in charge of the protest movement. Most often of all I recalled the Party of the Greens. Well, it is clear that they did have a basis for protesting—there was soil erosion, and the pipeline's route ran through cherished, historically valuable places. But, as it can be said now, they did not come to a consensus. They did not speak badly about what had been lost, but one could not remain silent—the former Sovmin [Council of Ministers] could not prove the necessity for continuing the construction. But then life proved that it could! And today construction has been renewed. Certain political parties, including the winner in the recent elections, the "Round Table—Free Georgia," insisted on it. Because there was no other way out. And we know nothing of the kind about erosion....One thing is precise: there is no gas and there will be none for about two more weeks!

ZV. Until recently, the main gas deliveries went through the old trunk pipeline, Mozdok-Kazimagomed-Kazakh-Tbilisi. That trunk line is obsolete and worn. It is studded with condensate spigots, which impede movement of the gas. Cleaning is done manually, greatly complicating gas pipeline activity. A potential for self-cleaning is called for in the new gas pipeline.

And thus the possibility of payment for current and future deliveries "is foreseen" with difficulty. The bulk of consumers are debtors: both state enterprises and the populace. For example, Mtskhetskiy, Dushetskiy and Kazbegskiy rayons and Tbilisi residents are opposing. Yes, right now this question is not being put point-blank—it has almost no effect on the situation. But the cart has been upset once already now, and we will not stand for another turn. Incidentally, Georgia has been promised 16 million cubic meters per day next year. This is enough for the populace. But what will enterprises do?

ZV. There is also this way out of the situation—conversion of some enterprises from gas to marut. But will we not be without heating in this case? We consulted with the specialists. The answer was unambiguous. There is marut, but the enterprises will not rush to use it.

What then, shall we vote on it? And if there is not enough electricity?

"Today technologically complicated operations are being performed on the Devdoraki segment, where the old gas pipeline comes close to the new one," says Karlo Nikolaishvili, General Director of Gruztransgaz. (The conversation was held with him by telephone, from the airport before his flight to Moscow, where a number of problems connected with gas delivery should be decided.) "The operations here are being performed only in daylight hours—anything else is impossible, and that is why another 5-6 days will be needed for their completion. Yesterday the builders were admitted to the section for operations in the Ananuri district, where it is proposed to complete everything in two weeks. In general the work goes on...."

And it remains for us to wait—this is the only thing we can do to help the situation—and pay. There is no gas, and it is too late to look for the guilty.

Gazprom Concern Reorganized

914E00364 Moscow GAZOVAYA
PROMYSHLENNOST in Russian No 10, Oct 90 pp 1-3

[Article: "Conversion of the GSK (State Gas Concern) Gazprom into a Joint-Stock Company"]

[Text] For normal functioning of the Unified Gas-Supply System and for developing it in accordance with the national economy's requirements, given a market economy and the effects of USSR statutes about the enterprise, property, land, taxation and other things, and considering the guidance adopted for denationalizing assets, the Gazprom Concern considers it necessary to create a joint-stock society which will provide for reliable operation of the USSR Unified Gas-Supply System.²

Creation of the joint stock society (AO Gazprom) will enable:

- a transfer to new mutual relationships with Union, republic and local organs of control during development of a market economy, resting upon economic principles for controlling the system;
- the provisioning of a reliable gas supply and of responsive control of gas flows in the interests of customers;
- an improvement of engineering-economics indicators and preservation of the organizational and economic unity of enterprises that directly support operation of the USSR Unified Gas-Supply System, based on a commonality of economic interests and participation in control through the ownership of shares by working collectives; and

—the acquisition of additional investments, including foreign capital, for developing the recovery and transport of gas, in accordance with the requirements of the republics and various regions, and for further developing the enterprises' social base.

With conversion of the Gazprom Concern to a joint-stock company, the complex financial position of the concern's enterprises must be considered.

The concern accumulated during the current five-year plan vast indebtedness—5.4 billion rubles—without sources for paying it off, because of the systematic underallocation of capital investment and the granting of credits instead of budgetary financing, in accordance with Government decisions.

The 1990 financial plan was made up with a R1.4 billion shortage in sources of financing, and in 1991 the shortage will grow to R4 billion.

The gas branch is highly capital intensive: the original cost of basic production assets at the start of 1990 was R86.6 billion, and the residual cost was R59.2 billion. High capital intensiveness requires a special approach to conversion of the concern to a joint-stock company.

In considering what has been said above, the following basic principles of converting the concern to a joint-stock company have been proposed.

1. Define the following as founding members of the joint-stock company that has been created: the State—the Union of SSR's in the form of an organ authorized by it (the State Assets Fund), the union republics in the form of organs which they have authorized, and enterprises in the form of their working collectives.

2. Based upon the right of Gazprom Concern enterprises to own property, it is proposed to form the authorized capitalization of the joint-stock society by issuing shares to the founding members, based on the value of the assets that are All-Union property and the property of the republics.

In accordance with the USSR Statute, "Ownership in the USSR," trunk pipeline transport is under All-Union ownership.

The value of the assets of gas-transport enterprises that serve trunk gas transport is evaluated by the state assets fund of the Union of SSR's or on its behalf by the Gazprom Concern, based upon the balance-sheet cost value of the property and its real consumer value.

The right to ownership of gas-field facilities and other facilities is determined by the decision of Union and republic organs.

The total amount of the portion of the authorized capitalization that belongs to the republics is determined on the basis of an evaluation of the value of their property. When republic organs authorize it, this evaluation can be made by the Gazprom Concern.

The land and its mineral wealth are transferred to the joint-stock company for use. The mutual relationships between the owners of the land and minerals and the joint-stock company are defined on the basis of a lease payment for their use.

3. The enterprises and organizations that are included in the Gazprom Concern become, in accordance with Appendix 2 of USSR Council of Ministers Decree of 8 August 1989, No 619, founding members of the joint-stock company in accordance with a joint decision of the working collective and the property owner (the Union, republic or other organs which, in accordance with legislation, will be recognized as the owners of their property).

4. Shares for distribution among the founding members are issued for the amount of the capitalization authorization, which is determined in the procedure indicated above.

The shares of the founding members are distributed in accordance with the following guidance:

—shares, whose total value is determined on the basis of the amount of the funds that are being directed toward social development and other needs of the collective, are transferred to the working collectives of the enterprises. The methodology of allotting the shares of working collectives is subject to refinement, based upon the decisions of Union and republic organs.

These shares are not subject to sale, transfer or diversion.

Members of the working collective are allocated personal shares through a portion of the net profit that is transferred to their ownership in accordance with the USSR Statute, "Enterprises in the USSR."

Shares for a sum that is a portion of their capitalization authorization are transferred to the Union republics.

The remaining portion of the shares are under All-Union ownership.

5. In order to acquire funds needed for developing the branch in 1991, it is proposed to issue shares (ordinary) in the amount of R4 billion.

Ordinary shares are sold by open subscription and are disseminated among juridical persons and citizens, including foreigners. The funds accrued from the sale of these shares are the property of the joint-stock society.

6. Joint-stock companies and enterprises that are the founding members of a joint-stock company operate on the principles of economic accountability on the basis of the USSR Statute, "Enterprises in the USSR," the Statute on Joint-Stock Companies, and the rules of the joint-stock company.

Enterprises that directly support operation of the USSR Unified Gas-Supply System pay taxes to republic and local budgets from profit and form funds for consumption and savings.

The remaining profit and the amortization deductions for full replacement are accumulated in the joint-stock company—for centralized settlements with the Union budget, for financing construction projects of national significance and scientific research and experimental-design work of a branch nature, for the paying dividends on shares, and for creating a reserve (or insurance) fund for the joint-stock company.

7. The net profit that is formed under the established procedure is distributed among participants of the joint-stock company in accordance with the results of the work for the year, proportional to their share (shares of stock) in the company's capitalization authorization.

The amount of the dividend on the shares that belong to the state and, in considering the indebtedness for credits, the shortage of funds of the concern's enterprises for investing in facilities of significance to the national economy, is applied during the first five years against the tax on profit of the joint-stock company.

Dividends that are to be paid out on the shares of the founding members of the union republics are used in accordance with their decision.

8. A portion of the profit is placed, by means of quarterly transmittal thereof, at the disposal of the administration of the joint-stock company for the creation of a reserve (or insurance) fund in the amount of no less than 15 percent of the joint-stock company's capitalization authorization.

At least 5 percent of the total net profit is deducted annually into the joint-stock company's reserve fund. The reserve is used for covering drops of income of joint-stock enterprises, for financing branchwide expenditures, for unforeseen expenses of the enterprises, and so on.

9. The joint-stock company is controlled in accordance with the principle of "one share, one vote." The highest organ is the general meeting of shareholders. The meeting elects a Board of Directors and an Administration. The powers of the meeting, the board and the administration are determined by the company's regulations. The representatives that are elected act in the name of the workers' collectives. The state and the republics determine the organs that act for them.

10. The administration of a joint-stock company and the worker staff provide for fulfillment of the main functions, which include:

—responsive administration of the USSR ESG (Unified Gas-Supply System) in the interests of the enterprises and the customers;

—the planning of current activity and long-range development, based on the systems approach with a specific function—to obtain maximum profit for the joint-stock company; and

—science service and the support of technical progress.

11. The joint-stock company develops and includes in the regulations a program for social protection of the company's workers.

In particular, the following system of measures is proposed in a draft.

The allocation by enterprises and the workers' organizations of personal shares as a function of the length of service and the quality of the work.

Payment of a one-time benefit to workers who have worked continuously in the branch for 15 years and upon retirement on pension in the amount of R3,000-R5,000.

The preferential acquisition of commodities produced by enterprises of the joint-stock company.

The purchase of commodities and products in great demand, whether produced in the USSR or abroad, for sale to joint-stock company workers, in an amount of up to R1,000 per worker per year, taking length of service into account.

The organization of free meals for workers of the second and third shifts.

The payment of a monthly benefit of up to R100 to women until a child reaches three years of age.

The partial or full abolition of payment for the support of children in institutions for preschoolers.

The granting of interest-free loans to young families for the improvement of living conditions and for setting up a household in the amount of R2,000.

The granting of up to 10 days of additional time off, above that called for by existing legislation.

And so on, for a total of 19 provisions.

In accordance with the results of discussion of the question, the council has decided to convert the Gazprom GGK into a joint-stock company, based on enterprises for recovering, processing and transporting gas and on machinebuilding, scientific-research, design and other organizations and enterprises. Supervisors of associations, enterprises and organizations must discuss in the working collectives the basic statutes and peculiarities of the organization of a joint-stock company, and must within two weeks send the decisions on this proposal, with recommendations, to the concern's staff.

Material will be prepared about converting the concern into a joint-stock company, for presentation to organs in authority.

Footnotes:

1. From papers of the meeting of the Council on 13 September 1990

2. The Statute on Joint-Stock Companies and Companies with Limited Responsibility was approved by USSR Council of Ministers Decree of 19 June 1990, No 590.

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ELECTRIC POWER GENERATION

Ukrainian Official on Chernobyl AES Phaseout

914E0028A Kiev RADYANSKA UKRAYINA
in Ukrainian 16 Nov 90 p 4

[Interview with V.D. Gladush, deputy chairman of the Ukrainian SSR Council of Ministers, by H. Kosykh, correspondent: "How Power Station Units Will be Shut Down"]

[Text] A meeting has been held of the government commission responsible for the elaboration of the program for phasing out the units of the Chernobyl atomic power station. At the request of our correspondent, the chairman of the commission—the deputy chairman of the Ukrainian SSR Council of Ministers, V.D. Gladush—discusses the decisions made at the meeting.

[Gladush] Almost two months have passed since our last meeting, on which RADYANSKA UKRAYINA reported. I should say that the time has not been wasted. We have made significant progress in dealing with the main problem—the preparation of the plan for phasing out the station.

Of the five possible approaches to the problem that were suggested by scientists and specialists, we chose the one which most ensures protection from radiation for the population and personnel while the work is being done, precludes the possibility of polluting the environment with radioactive wastes, calls for minimal costs and most takes into account the specific particularities of the construction and arrangement of the station units.

[Correspondent] Our readers would be interested in knowing, at least in general terms, what this plan entails.

[Gladush] Tentatively (I stress this, for concretization of the program is still to take place), the first of three active units will be shut down in 1993, the second, a year later, and the third, a year after that.

The question may arise: why in 1993 and not sooner? This is because before the units are shut down, it is necessary to prepare the essential working documentation, describe in detail the sequence in which all operations are carried out, reconstruct the depot for the spent nuclear fuel and carry out other preparatory work.

After the unit is shut down, the nuclear fuel will remain in the reactor for a year, then will be shipped to a containment basin, where it will stay for several months, and only then will it go to a special depository.

The unit will be deactivated, its clean components and joints disassembled. The part which shows traces of increased radioactivity will remain in place for long-term (20-25 years) containment. That is why significant attention will be paid to ensure the reliable functioning during this period of the security systems of the reactors that are shut down and have their fuel removed—heating and ventilation, cooling of the graphite wall and so on, as well as measures of control.

Finally, after containment, the equipment and graphite will be disassembled from the shaft of the reactor, divided into smaller units and buried in regional disposal sites; then the buildings of the station will also be demolished.

The project of the program for implementing the accepted plan, including a time frame for its realization, which aims to complete the process of phasing out of the three units in 1995, will be presented to the commission before November 20.

[Correspondent] Has the commission discussed what will be done with the "sarcophagus"?

[Gladush] Yes. Along with the phasing out of the nuclear power station units, the "Shelter" structure is to be strengthened and made hermetic. One of the ways to do this is to put into effect the plan for "Shelter-2," that is, build an additional casing around the "sarcophagus." This matter has been referred to the Ministry of Atomic Energy of the USSR.

In addition to technical problems, the commission also examined issues related to the social protection of the personnel of the Chernobyl atomic power station.

[Correspondent] At your last meeting, the organizations concerned were commissioned to study the possibility of the enlargement of the city of Slavutych...

[Gladush] Unfortunately, the materials presented to us were not sufficient to enable us to make an informed decision on this question, which is important for the people living in the city. That is why the Union and republic ministries of health, hydrometeorologists, the Ukrainian Academy of Sciences and certain other organizations have been commissioned to study in greater detail the situation of the city of Slavutych. At our next meeting, we will again look at this problem.

That, by the way, will be the last meeting of the commission. The result of our work will be the draft resolution of the USSR Council of Ministers "Regarding the Phasing Out of the Units of the Chernobyl Atomic Power Station," which will cover all aspects of dealing with the complex technical and social problem.

USSR Law on Trade Union Rights

Supreme Soviet Decree

914F0085A Moscow PRAVDA in Russian 15 Dec 90
Second Edition p 1

[Decree of the USSR Supreme Soviet dated 10 December 1990 in Moscow and signed by A. Lukyanov, chairman of the USSR Supreme Soviet: "On Putting Into Effect the USSR Law on Trade Unions and on Rights and Guarantees of Their Activity"]

[Text] The USSR Supreme Soviet hereby decrees as follows:

1. To put into effect the USSR Law on Trade Unions and on Rights and Guarantees of Their Activity as of 1 January 1991.

2. In the 1st half of 1991, the USSR Government is to bring its decisions into conformity with the USSR Law on Trade Unions and on Rights and Guarantees of Their Activity and see that ministries, state committees, and departments of the USSR review and revoke their normative acts, including instructions, which contradict the Law;

and submit the following for consideration of the USSR Supreme Soviet:

- in the 1st half of 1991—proposals for bringing legislative enactments of the USSR into conformity with the Law that has been adopted;
- in the 1st quarter of 1991, proposals for amendments and supplements to the USSR Law on Procedure for Resolution of Collective Labor Disputes (Conflicts), including the question of responsibility for the conduct of illegal strikes, and also concerning amendments and supplements of USSR legislation on social insurance of workers.

3. It is recommended that the General Confederation of USSR Trade Unions and unionwide authorities of other trade unions take part in performance by the USSR Government of the orders issued it in Paragraph 2 of this decree.

4. Until such time as USSR legislation is brought into conformity with the USSR Law on Trade Unions and on Rights and Guarantees of Their Activity it remains in force insofar as it does not contradict that Law.

5. It is recommended that the supreme bodies of government of the union republics bring republic legislation into conformity with this Law.

Text of Law

914F0085B Moscow PRAVDA in Russian 15 Dec 90
Second Edition p 3

[Law of the Union of Soviet Socialist Republics dated 10 December 1990 in Moscow and signed by M. Gorbachev, president of the Union of Soviet Socialist

Republics: "Law of the Union of Soviet Socialist Republics on Trade Unions and Rights and Guarantees of Their Activity"]

[Text]

Title 1. General Provisions

Article 1. Trade Unions

The trade union is a voluntary public organization bringing together workers bound by common interests because of the nature of their activity both in the production and nonproduction spheres to protect employment-related and socioeconomic rights and interests of their members.

Article 2. Right To Join Trade Unions

Workers and also persons studying in higher and secondary specialized educational institutions¹ without any difference whatsoever have the right to voluntarily create trade unions of their own choice and without prior permission and also the right to join trade unions provided they obey the bylaws. Workers are entitled to create trade unions in enterprises, institutions, organizations, and other workplaces.²

The bylaws of trade unions regulate the procedure whereby nonworking pensioners join a trade union or withdraw from it.

Trade unions may on voluntary principles create union, republic, and other territorial and sectoral associations as well as join them.

Bylaws (regulations) of trade unions are registered in accordance with the procedure established for public associations. The registering body does not monitor the creation and activity of trade unions.

All trade unions enjoy equal rights.

Article 3. Independence of the Trade Unions

In their activity, trade unions are independent of the bodies of state administration, economic agencies, political and other public organizations, nor are they accountable to them nor subject to their oversight. Any intervention capable of limiting the rights of the trade unions or obstructing their exercise is prohibited unless otherwise provided by law.

The trade unions independently draft and approve their own bylaws, define their structure, elect their governing bodies, organize their own activity, and hold meetings, conferences, plenums, and congresses.

In accordance with the goals and tasks stated in their bylaws, trade unions have the right to cooperate with the trade unions of other countries, to join international and other trade union associations and organizations of their choice.

Article 4. Prohibition Against Discrimination Against Individuals Based on Belonging to Trade Unions

Membership or nonmembership in trade unions shall not result in any restriction of the employment-related, socioeconomic, political, or personal rights and freedoms of citizens guaranteed by legislation. It is prohibited to make hiring, promotion, or dismissal of workers conditional upon belonging to a certain trade union, joining it, or withdrawing from it.

Article 5. Termination or Prohibition of the Activity of Trade Unions

The activity of a trade union is terminated by decision of its members in accordance with the procedure defined in the bylaws.

In cases when the activity of trade unions or of their associations is contrary to the USSR Constitution, the constitutions of the union and autonomous republics, it may be prohibited by decisions of the USSR Supreme Court, the supreme courts of the union republics or supreme courts of the autonomous republics, respectively, upon representations of the USSR General Procurator, the procurators of the union republics, or the procurators of the autonomous republics, respectively. It is not permitted to prohibit the activity of a trade union by decision of any other bodies.

Article 6. Legislation on Trade Unions and Rights and Guarantees of Their Activity

Legislation on trade unions and rights and guarantees of their activity consists of the present Law, which defines the bases of the legal position of these public organizations, and other acts of legislation of the Union of SSR and the union and autonomous republics.

Particular aspects of applying the present Law in the USSR Armed Forces, internal affairs agencies, the USSR State Security Committee, internal forces, railroad forces, and other military structures are defined by the legislation concerning those structures.

The legislation of the union and autonomous republics may not limit the rights of trade unions established by USSR legislation.

Title II. Basic Rights of Trade Unions**Article 7. Rights of Trade Unions To Initiate Legislation and To Take Part in the Drafting of Legislation**

Union and republic trade union associations possess the right of legislative initiative in the respective supreme bodies of government of the Union of SSR and the union and autonomous republics, and they take part in drafting legislative bills concerning employment and socioeconomic relations.

Trade unions have a right to submit proposals concerning adoption of other normative acts concerning employment and socioeconomic matters, and also draft

bills to the appropriate state administrative agencies and economic and cooperative bodies.

Normative acts affecting the employment-related and socioeconomic rights and interests of the workers are adopted by state administrative agencies and economic administrative agencies following notification of the respective trade unions at least a week in advance.

Article 8. Rights of Trade Unions To Protect the Right To Work

Trade unions protect the right to work of their members and take part in drafting employment policy of the state. They propose measures for social welfare of persons discharged from enterprises covered by the collective agreement on the basis of legislation.

Liquidation of an enterprise and of its structural subdivisions, full or partial cessation of production on initiative of the management, the owner, or body of management they have authorized, resulting in reduction of jobs or deterioration of work conditions may occur only on condition of prior notification of the respective trade unions at least three months in advance and the conduct of negotiations with them concerning observance of the rights and interests of the workers.

Trade unions monitor the state of employment and observance of legislation on guarantees in the area of employment.

An employment contract may be canceled on initiative of the management only with prior consent of the respective trade union committee, in accordance with the legislative acts of the Union of SSR [Moscow PRAVDA in Russian 16 Dec 1990 Second Edition p 4 carries the following correction to the preceding portion: "in accordance with laws of the Union of SSR"] and the union and autonomous republics.

Article 9. Rights of Trade Unions To Negotiate and Conclude Collective Agreements

Trade unions have the prior right to conduct collective negotiations with the management, owner, or body of management they designate and to conclude collective agreements and monitor their performance.

The management, owner, or their authorized body of management must conduct negotiations on conclusion of a collective agreement if the trade unions present such a proposal.

Article 10. Rights of Trade Unions Concerning Social Welfare of the Workers

The rights of trade unions in the area of working conditions and remuneration, workplace health and safety, housing conditions, social insurance and health care of the workers, and pension coverage are regulated by the respective legislation of the Union of SSR and the union and autonomous republics.

Within the limits of their respective jurisdictions, union and republic trade union associations take part in drafting measures for social and economic protection of the workers, in definition of the basic criteria concerning the standard of living, and amount of compensation depending on the change in the price index, they monitor observance of the subsistence minimum set by legislation and prompt review of the amounts of pensions, scholarships, and benefits as a function of the rise of prices.

Trade union associations may conclude agreements on these matters with the respective state agencies and economic authorities.

Article 11. Rights of Trade Unions in Monitoring Observance of Legislation on Employment and Trade Unions

Trade unions monitor observance by the management, owner, or management body they authorize concerning employment and the trade unions, and they have a right to demand correction of violations they have discovered. The management is required to take under consideration their representations concerning correction of violations of legislation concerning employment and the trade unions and within one month notify the trade union of the results of the examination.

At the request of their members and other workers and also on their own initiative, the trade unions have the right to sue in court for protection of their employment rights.

To that end, the trade unions may have inspectorates, legal aid services, and other necessary departments.

Article 12. Rights of Trade Unions in Consideration of Labor Disputes

Trade unions examine individual labor disputes of trade union members with the management and adopt decrees concerning them in accordance with legislation.

The trade unions take part in consideration of collective labor disputes on matters related to violation of current legislation concerning employment, the conditions of the collective agreement, and the establishment of new or alteration of existing socioeconomic working and living conditions.

Article 13. Rights of Trade Unions To Obtain Information on Matters of Labor and Socioeconomic Development

The trade unions have a right to obtain gratis from the management and also from state administrative agencies and economic authorities information on matters related to employment and socioeconomic development, within the limits of the established statistical reporting.

Article 14. Rights of Trade Unions To Monitor the Management's Performance of the Collective Agreement

If the management makes a decision that violates the conditions of the collective agreement, the trade unions

have the right to submit to the management a representation to correct those violations, which is taken under consideration for one week. Should the management refuse to meet these demands of the trade unions or should agreement not be reached between them within the stated period, the disagreements are taken up in accordance with legislation on resolution of collective labor disputes.

Article 15. Rights of Trade Unions To Declare a Strike

Trade unions have the right to organize and conduct strikes in accordance with legislation.

Title III. Guarantees of Trade Union Rights

Article 16. Duties of the Management of State and Economic Entities, Public Organizations, and Officials With Respect to Trade Unions

The management, state and economic entities, public organizations, and officials must observe the rights of trade unions and assist their activity. These bodies and persons are accountable for violation of the rights of trade unions or for obstructing their legitimate activity according to the procedure established by legislation. The management, state and economic entities, public organizations, and officials do not have the right to prevent representatives of the trade unions from visiting enterprises where their members work to perform the tasks covered by their bylaws and to exercise rights granted by legislation.

Article 17. Guarantees for Workers Elected to Bodies of Trade Unions Who Have Not Been Released From Production Work

Workers elected to membership in trade union bodies and not released from production work may not be subjected to disciplinary proceedings without prior consent of the body of which they are members, and officials of trade union bodies in subdivisions of the enterprise may not be subjected to disciplinary proceedings without prior consent of the respective trade union body at the enterprise, and officials of trade union bodies at the enterprise and professional trade union organizers may not be subjected to disciplinary proceedings without consent of the body of the respective trade union association.

Dismissal on initiative of the management of persons elected to membership in trade union bodies and not released from production work is allowed, once the general procedure for dismissal has been observed, only with prior consent of the trade union body of which they are members, and in the case of chairmen and members of trade union authorities at the enterprise, consent of the respective trade union association is also required. Dismissal of trade union organizers and group organizers on initiative of the management is permitted only with consent of the authority of the respective trade union association.

Members of elective trade union bodies not released from production work are granted time free from their work under the conditions defined in the collective agreement to perform public duties in the interests of the collective and also time during their brief trade union training, for which they retain their average wage.

Members of elective trade union bodies are released from production work and are paid at their average wage out of resources of the trade union during participation as delegates in congresses and conferences convened by the trade unions and also in the work of their plenums and presidiums.

Article 18. Guarantees for Workers Elected to Trade Union Bodies and Released From Production Work

Workers released from work because of election to elective positions in trade union bodies, after completion of their elective duties, are offered their previous job (position), and if it does not exist—other equivalent job (position) at the same enterprise, or, with the worker's consent, at another enterprise.

Should it be impossible to offer a corresponding job (position), the management of the enterprise where he previously worked, and if the enterprise has been liquidated, the trade union, furnishes the worker his average wage during the period of job placement, but not to exceed 6 months, but in case of training or retraining—for a period not to exceed 1 year.

Article 19. Guarantees of the Right To Work of Workers Elected to Trade Union Bodies

Dismissal on the initiative of the management of workers elected to trade union bodies is not permitted for two years after completion of their term of office, except in cases of complete liquidation of an enterprise or if the worker is found guilty of acts for which the legislation envisages the possibility of dismissal. In these cases, dismissal conforms to the procedure envisaged by the first part of Article 17.

Article 20. Property Rights and Financial Rights of Trade Unions and Their Subordinate Enterprises

Trade unions and their bodies, in accordance with legislation, are juridical persons.

Trade unions possess, use, and dispose of the property and money resources which they own.

Trade unions are not liable for obligations of state, economic, cooperative, and other public organizations, which in turn are not accountable for the obligations of trade unions.

The sources and procedure for formation and use of the resources of the trade union budget are defined in the bylaws of the trade unions.

The financial activity of trade unions conducted in accordance with their bylaws is not subject to oversight of the state with the exception of commercial activity.

Sources of income of enterprises and organizations belonging to trade unions, amounts of resources they receive, and payment of taxes are monitored by state financial agencies and tax inspectorates in accordance with legislation.

In conformity with their purposes and tasks as stated in their bylaws, trade unions have the right in accordance with established procedure to conduct foreign economic activity, to create trade union banks, insurance companies and joint stock companies, joint commercial enterprises, to engage in publishing activity, to form necessary solidarity funds, cultural and educational funds, and other necessary funds.

Article 21. Duties of the Enterprise in Providing Physical Conditions for the Activity of Trade Unions

The management of the enterprise furnishes trade unions the gratis use of a furnished space necessary for their activity, and the conditions of this availability are determined by decision of the work collective in which the management and trade unions take part.

In accordance with the decision made at the time when the collective agreement is concluded, the enterprise grants trade unions gratis use of a building, room, installation, or other structures on the balance sheet of the enterprise or leased by it, and also recreation facilities, camps for children and young people, and other health camps necessary to organize rest and recreation, to carry on cultural and educational work, physical education, and fitness work with the workers and their families.

The enterprise transfers to the trade unions funds in the amount established by legislation for the purposes defined in the collective agreement.

The creation of other physical conditions for the activity of trade unions operating in the enterprise is regulated by the collective agreement.

Footnotes

1. Hereinafter "workers."

2. Enterprises (associations), institutions, organizations, regardless of forms of ownership and economic activity, higher and secondary specialized educational institutions, vocational and technical schools are hereinafter referred to as enterprises, and their bodies of management as the management. The term "other workplaces" refers to self-employment and other work activity.

GOSKOMSTAT Lists Job, Unemployment Data

914F0081A Moscow *RABOCHAYA TRIBUNA*
in Russian 14 Dec 90 pp 1,2

[USSR GOSKOMSTAT report: "Shadow of Unemployment"]

[Text] On 1 July of this year, the country's labor resources amounted to 164 million individuals. Roughly 136.6 million individuals were engaged in all spheres of activity. The distribution of workers by economic sectors is furnished below:

	Millions of Individuals	In % of Total
State sector	114.8	84.1
Cooperative sector	17.5	12.8
Including:		
Kolkhozes	10.9	7.9
Consumer co-operatives	3.5	2.6
Cooperatives for the production of goods and services (excluding those holding more than one position)	3.1	2.3
Private sector	4.3	3.1
Including:		
Peasant farms	0.05	0.0
Private plots	4.1	3.0
Private labor activity	0.2	0.1

At the present time, the size of the able-bodied population not working in the national economy and not undertaking courses of study exceeds eight million individuals. This includes individuals who are not employed, owing to the seasonal nature of their work, a

change in their work location, housewives and persons who avoid socially useful work. Of this figure, the number of temporarily unemployed, which according to the methodology employed by MOT [Mezhdunarodnaya Organizatsiya Truda: International Organization of Labor] could be referred to as unemployed, is estimated to be roughly two million individuals. However, it should be borne in mind that in defining the conditions (rise in the cost of living, introduction of unemployment benefits), the number of citizens who are registered on the labor market as temporarily unemployed can rise sharply (especially in the Central Asian and Trans-Caucasus regions).

In the presence of free labor resources at active enterprises, many working positions remain unmanned. According to the data obtained from a one-time study, at the end of 1989 there were approximately three million such positions. The solution for the problem of achieving a balance between the available labor resources and the vacant positions is largely dependent upon the work being performed by the population's employment organs. The state system for the employment, retraining and professional orientation of the population presently includes 575 centers and 2,402 bureaus for population employment and numbers 14,700 workers. For every 100,000 workers available in the labor resources, there are seven workers attached to the employment service and in the FRG and the U.S.A.—13 employment service workers.

Over a six-month period of this current year, the organs for population employment submitted a request for the hiring for work or for assistance to be furnished in solving the problem of changing the work places for 2,024 workers. Roughly 1,237 individuals, or 61.1 percent of those who submitted requests, were employed. Individuals who were released from their previous places of work at their own request constituted the overwhelming majority and this is readily apparent in the following data:

	Number who applied for employment	In %	Employed	
			Thousands of individuals	In % of number who applied
Total	2,024	100	1,237	61.1
Including:				
Released upon own request	1,135.5	56.1	742.7	65.4
Released because of truancy and other violations of labor discipline	87.8	2.8	32.4	36.3
Released in connection with a reduction in force	77.8	3.8	30.2	38.8
Graduates of general educational schools	66.2	3.3	47.4	71.6
Working at home and in the private economy	113.4	5.6	78.2	68.9
Released from corrective-labor institutes and work and treatment clinics	31.5	1.6	18.6	59.3

	Number who applied for employment	In %	Employed	
			Thousands of individuals	In % of number who applied
Pensioners	75.0	3.7	44.9	59.8
Workers desiring to work during their free time	28.7	1.4	9.1	31.7
Students and pupils of general educational schools and other educational institutions desiring to work during their free time	190.5	9.4	104.6	54.9
Other categories of citizens	247.9	12.3	128.9	52.0

The largest proportion of those employed is found among graduates of general educational schools and also among persons working at home and in the private economy. The lowest degree of satisfaction of requests by citizens is found among those workers desiring to work during their free time.

In the RSFSR, during the first six months, 48.7 percent of those registered with the employment service were employed, in the Ukraine—70.1 percent, in Belorussia—61 percent, Uzbekistan—82.6 percent, Kazakhstan—58.3 percent, Georgia—82.4 percent, Azerbaijan—91.3 percent, Lithuania—48.5 percent, Moldova—71.8 percent, Latvia—58 percent, Kirghizia—76.6 percent, Tajikistan—89.8 percent, Armenia—89.1 percent, Turkmenistan—80.8 percent and in Estonia—49.5 percent.

Of the overall number of those who obtained work, 44.8 percent were employed in industry, 7.9 percent in agriculture, 8.7 percent in transport and communications, 11.9 percent in construction, 8.2 percent in trade and public catering and 6.4 percent in housing and municipal services and consumer services.

At the same time, full use is not being made of the employment potential of that portion of the population that is not working. According to reports received from enterprises and organizations which presented the employment services with appropriate information, in early July there were 1.5 million vacant working positions and 139,000 vacant posts at enterprises and organizations, the overall number of which exceeded by more than twofold the number of unemployed citizens. This is evident in the following data for union republics (in thousands of individuals):

	Not employed—total	Number of vacant working positions and vacant posts*		
		Total	For workers	For leaders, specialists and other employees
USSR	787.0	1680.1	1541.1	139.0
RSFSR	473.9	1104.1	1006.5	97.6
Ukrainian SSR	133.0	255.9	240.9	15.0
Belorussian SSR	39.8	100.2	90.9	9.3
Uzbek SSR	16.8	30.1	27.9	2.2
Kazakh SSR	45.2	67.9	62.7	5.2
Georgian SSR	7.9	12.5	11.8	0.7
Azerbaijan SSR	5.8	15.4	13.5	1.9
Lithuanian SSR	17.4	11.5	11.0	0.5
Moldovan SSR	14.2	13.2	11.8	1.4
Latvian SSR	9.6	21.1	19.6	1.5
Kirghiz SSR	5.6	15.4	14.6	0.8
Tajik SSR	3.3	7.8	6.2	1.6
Armenian SSR	4.2	15.7	15.3	0.4
Turkmen SSR	4.3	2.6	2.2	0.4
Estonian SSR	6.0	6.7	6.2	0.5

*Data on vacant working positions for highly skilled personnel is not included in the mentioned information.

One of the principal guarantees for improving population employment is its training, retraining and achieving improvements in its skills. At the present time, this work

is being carried out by enterprises and organizations and also by vocational training schools. Data on the professional training of personnel is furnished below:

	Thousands of individuals			1989 compared to 1985	In % of 1988
	1985	1988	1989		
At enterprises, organizations and kolkhozes	7601.6	6614.8	6058.4	79.7	91.6
Including:					
Workers	7196.2	6217.7	5718.6	80.6	92.0
Office employees	132.4	63.1	52.0	39.3	82.4
Kolkhoz members	373.0	334.0	287.8	77.2	86.2
At vocational training schools	2576.3	2537.3	2285.4	88.7	90.1

The present system of personnel training guarantees the possibility of providing professional training only for workers attached to enterprises and organizations and for youth, since the daytime vocational training schools accept young men and women who are under 30 years of age.

In conformity with their assigned functions, the employment services must furnish assistance in obtaining professional training to other categories of the population (individuals released from enterprises, persons experiencing extended interruptions in their work service and others). With the development of market relationships, it will be precisely these categories of the unemployed population that will create special tension in the labor market and this will require increased attention for this problem.

Labor Committee Head on Safety Net, Market Reform

914F0062A Moscow NARODNYI DEPUTAT
in Russian No 11, Nov 90 pp 65-70

[Article by V. Shcherbakov, chairman of the USSR State Committee for Labor and Social Problems, under "Man and Society" rubric: "The Market and Social Protection"]

[Text] One of the most important places in the program for the formation of a mechanism for the market economy is occupied by measures for the establishment of a reliable and effective system of social protection of the population, especially the badly-off strata. The establishment of such a system is an indispensable condition for national support and approval of the planned transformations and consequently for the successful implementation of radical economic reforms.

Experience shows that investments in the well-being of people are acquiring a decisive role in economic development. Without this it is impossible to bring about the type of economy that is dictated by the peculiarities of the current stage. It is a matter of the totality of legislatively established economic, legal and social guarantees ensuring for each member of the society the observance

of the most important social rights, including the right to labor as well as the right to a standard of living worthy of man.

I.

It would seem that during the years of Soviet authority a sufficiently effective system of social protection of the population was established that generally satisfied the needs of the rigidly centralized system of state administration. The situation has been changing rapidly in recent years, however. Perestroika brought to life a number of new factors that urgently require a fundamental change in the existing mechanism for the protection of the interests of the population.

The relationship between the rights, obligations and responsibility of the center, republics and other territorial-administrative formations in the management of social and economic development is changing. Extensive work has begun in the social reorientation of the national economy and the demands on the standard and quality of life are increasing significantly. It should be expected that even in the early stages of the formation of the market many social and economic processes will be accelerated substantially. At the same time, there will develop ambiguous social phenomena and trends previously uncharacteristic of our country and processes that are destabilizing to the society.

The main shortcoming of the existing system of social protection as applied to the new conditions is the fact that its most important elements and the mechanism of its functioning—centralized state measures to raise the standard of living of the people, methods to establish and utilize public consumption funds and prevailing labor legislation—do not correspond to the basic principles of radical economic reform.

The forecast development of possible negative consequences of the reform urgently require the formation of a fundamentally new system of social guarantees at all levels: national, republic and regional as well as at the level of labor collectives and the individual.

There are several possible variants of the relationship of the role of the center and the regional level of administration in solving this problem.

The first is to retain the existing centralized system, in which measures to raise the well-being of the people are determined at the public level, whereas locally the necessary resource base is established under the conditions of regional cost accounting. In this case, however, the rights of direct owners are infringed upon. And from the center it is impossible to consider the specific local features that reduce the effectiveness of the measures being implemented.

The second is to shift the resolution of these questions to the level of the union republics and the regions of the country so that they can establish a system of guarantees individually through their own resources. The realization of this version is also inadvisable, because a number of most important guarantees must be applied equally throughout the territory of the country, which implies the preservation of a certain state influence.

Most expedient appears to be a third version, in accordance with which the state regulates distributive relations in the society on the basis of a tax system and social security, accumulates a determined share of the income of regions, labor collectives and citizens in the union budget and redistributes it for the financing of an acceptable standard of living of the members of the society who are unable to work and for the realization of state programs to raise the well-being of the people.

The union republics and the regions defend the interests of citizens in their territory, raise the standard of living of individual groups of the population on the basis of their own peculiarities and financial possibilities and elaborate and implement their own social development programs.

II.

Paramount under the new economic conditions is the demand for effective employment, a necessary condition of which is the establishment of a labor market regulated by a balance between the supply and demand for manpower.

A number of new factors will influence the labor market in the next few years. Along with a significant release of workers as a result of the intensification of production, a more and more substantial role will be played by the impact of major structural shifts in the economy having to do with its social reorientation, the conversion of defense branches, the reduction of construction for production, the closing of unrewarding and unprofitable production systems and the substantial increase in the number of persons in the population not of working age beginning in the mid-1990's.

All of this will also require a serious rethinking of the concept of the employment of the population and the development of new approaches to the defining of the "right to labor."

Among the representatives of economic science who are in favor of the "capitalization of the national economy of

the USSR," there are many who treat unemployment as a necessary condition for high efficiency of production. They propose the complete abandonment of the right to labor and the deliberate support of unemployment at a certain level, utilizing the reserve army of labor as a powerful means for putting pressure on workers and for raising the intensity of their labor.

Despite a certain amount of logic in this concept of employment, it appears that one cannot agree with it. It is fundamentally incorrect to seek high economic efficiency through the use of social ills. Unemployment is hardly capable of normalizing the already tense situation in the society.

The ensuring of the constitutional right of Soviet citizens to labor must be one of the most important directions in the system for the protection of the fundamental interests of people. Under the new conditions, however, the preservation of the principle of full employment requires its substantial reinterpretation. Apparently the transition to a labor market will necessitate major changes in the structure of employment. A significant share of workers will have to be retrained taking into account the needs of an efficiency economy. Employment under these conditions will be in accordance with social requirements and the demand for the manpower of certain occupations and qualifications.

This course also assumes the existence of temporary idleness of some share of the able-bodied population. This will create conditions of competition, under which the job itself is the incentive for highly productive and efficient labor. But the existence of a reserve army of labor must be determined not by the goals of putting heavy-duty pressure on workers or by the presence of "surplus people" in the society. It is a matter of the regrouping of forces. Freed workers must enter into the reserve army of labor primarily for the training and retraining necessary for their redistribution and utilization in priority directions of the development of the national economy.

An overriding task under these conditions is that of correctly assessing the scope and dynamics of the processes arising in the formation of the labor market and implementing a system of measures that ensures their effective management. Each member of the society must be certain that the state will provide him with work. This guarantee must be backed up by the establishment of the appropriate legal, financial and organizational system that foresees the adoption of the Law: "On Employment in the USSR." Under the law, the state must take on the functions of methodological leadership, coordination and general supervision, whereas all of the work in the direct realization of the adopted employment programs should be assigned to local authorities.

At the same time, it is impossible under the existing conditions to free the labor collectives of enterprises and organizations from responsibility for the employment of

the population. Enterprises must, of course, be influenced to participate more actively in the expansion of the use of labor primarily on the basis of the utilization of a tax system and other economic methods stimulating the investment of resources in the creation of new jobs and the raising of the shift index of work. In the tax system, one should provide for tax exemptions and advantages in payments for labor resources for enterprises utilizing the labor of people with a limited capacity to work and introducing work at home and various flexible work schedules to alleviate the conditions for the entrance of women with many children as well as disabled persons into labor. It is also necessary to grant state agencies the right of direct administrative influence on enterprises for the purpose of raising their responsibility and increasing their participation in the resolution of employment problems. For example, the right to reserve some jobs for the least protected categories of the population, especially young people.

It is necessary in certain cases to give the enterprises targets for the creation of jobs for persons with a limited ability to work and to require that the labor collectives introduce additional social and economic privileges for these groups of workers (say, set reduced output norms and the like).

If for some reason or other the state is temporarily unable to provide people with work, then it appears expedient to introduce a system of assistance for temporary unemployment, having determined precisely the procedures and times for the payment of this assistance. It is clearly necessary to ensure that it will be paid out as a certain share of the average wage at the last place of work. Persons who unjustifiably avoid work to which they are directed by employment agencies need not be paid assistance for temporary unemployment.

III.

To finance expenditures for measures in the area of employment, it is intended to establish a state fund. It is planned to set it up at the national, republic and regional levels.

At the same time, it is necessary to provide for substantial modernization of the entire existing system of state assistance both in terms of the principles of its organization as well as the size of payments and to raise its scientific validity on the basis of the application of social norms for the standard of living. This means above all determining a minimum consumer budget and making the system flexible and capable of reacting to greatly accelerating social and economic processes under market conditions.

It is expedient to bring the diverse forms of assistance to the poor into a single system. As the basis for its calculation, one can take the minimum wage and then determine the size of the assistance payments in the appropriate proportions. The corresponding changes in

the level of pensions and assistance will take place automatically with the revision of the minimum wage or its indexing.

A decisive direction in the development of the social protection of families with children is the increase in their money income through a system of state assistance aimed at maintaining the standard of living of families when children are born. It is necessary to increase substantially the size of payments for leave for the care of small children and to introduce a monthly family assistance payment to low-income families with children from 18 months to six years of age.

It is also proposed that this assistance be further increased in the accounts of the social program of the 14th Five-Year Plan. In addition, it is also expedient to use for this purpose the means obtained as a result of the proposed abolishment of the subsidies for the production of goods in the children's assortment.

The financial resources for the introduction of unified family assistance payments can be found on the basis of the accumulation of means already paid out in different forms of state assistance to poor and large families.

Taking into account the transition of the union republics and regions of the country to the principles of regional cost accounting, fundamentally new possibilities arise for the basic improvement of the system for material assistance to families and children and for the utilization of the resources of republic and local budgets for these purposes. What is intended is the granting of the right to the union republics, taking into account their demographic situation, subsistence wage and financial possibilities, to raise the amount of assistance to families and children set by national legislation and to introduce additional kinds of assistance and different forms of aid in kind to families. The basis for such work is the establishment and realization of republic and regional comprehensive programs for the development of the national population.

The problem of compensating the population for additional expenditures under the conditions of increasing inflationary processes has become particularly urgent lately.

The course of stabilizing retail prices and of rigid state regulation was pursued in the country for a long time. Although there was a certain amount of inflation, it took place primarily in the form of structural shifts in the assortment and involved the washing out of cheap goods and the worsening of quality with practically unchanging list prices. The growing difference between the production cost and the retail price of a number of commodities in popular demand, especially food products, was covered through subsidies from the state budget. The situation is now undergoing fundamental change. The market economy requires the transition to the subsidizing of personal income, whereby the advantages must be granted to the socially least protected groups of the population, above all those unable to work.

The experience of a number of foreign countries shows convincingly that it is practically impossible to establish any sort of an effective mechanism for social protection under the conditions of uncontrollable spontaneous inflation. In this case, it can only be a matter of maintaining the income of the population at the subsistence level on the basis of the periodic review of the minimum wage, pensions and other social payments. The compensation of the remaining losses to the population from the increase in prices in a centralized manner on the basis of firm state guarantees, e.g. the introduction of income indexing, will inevitably lead to an even greater increase in inflationary processes and is therefore inexpedient.

As the data of budget surveys show, there is considerable differentiation in the amount and structure of consumption by the population and accordingly in the losses from the revision of prices, a differentiation that is dictated by the amount of income received, the composition of the families and the belonging to different age and social groups. In this connection, it does not appear possible to make up precisely for the individual losses to each family under any forms of compensation.

Under these conditions, the basic task in the development and introduction of a system of compensatory payments is the reduction to a minimum of the number of families and individuals for whom there will be a decline in real income while ensuring some gain for the population groups least well protected socially.

The fundamental principle that must be made the basis of protective systems of this kind is the full compensation of losses to the least protected social groups of the population, above all pensioners and families with children.

Another extremely important question in the planned reform of prices is the determination of the sources of compensatory payments. In respect to the disabled and workers of budget organizations, all of these expenditures must be fully accomplished through the state budget.

As for hired workers employed in cost-accounting enterprises, for them compensation with the one-time revision of prices likewise ought to be accomplished out of the state budget, whereas in the case of current inflation it should be paid out of the own income of the enterprises, inasmuch as this income will increase with the rise in prices.

It would be expedient to support monetary compensation through the establishment of certain guarantees that members of the society unable to work will have access to the most important necessities for consumption. These guarantees may take different forms: the introduction of payments in kind, a system of specialized stores, the rationed allocation of a certain minimum of food products at stable prices or with privileged coupons (free or at a discount) and the monthly issue of depersonalized coupons (with no indication of commodities) that make it possible to acquire a limited quantity of goods.

In the establishment of a system of compensation, it is important to determine the level of the competence of the USSR and union republics. It would be most advisable to set the amounts of payments at a national level, giving them the nature of minimum state guarantees, while simultaneously giving the union republics the right to raise these amounts for individual groups of the population at the expense of their own budgets.

IV.

Current inflation will require a fundamentally new mechanism for the social protection of the population, the basis of which must be the indexing of the personal income of citizens. It must be implemented on the basis of an index of retail prices for goods and services in so-called "consumer baskets."

Under the laws of the free market, the incomes of the overwhelming majority of citizens will rise on the basis of an increase in the remuneration of labor. In the final analysis, however, a significant part of the population will be in the low-income group, while at the opposite pole relatively small individual categories of persons with extremely high incomes will arise.

It is for this reason that the prevailing opinion today is that it is necessary to have a one-time organized revision of state retail prices so that in the transition to the market they can be brought into line with socially necessary expenditures for production and so that supply and demand can be balanced. Precisely such a version makes it possible to work out realistic measures to prevent a decline in the standard of living of the population and to compensate the losses of the overwhelming majority of people from higher prices.

The establishment of a monetary resource base for social guarantees is a most important condition for the successful implementation of the course of strengthening the social protection of the population.

The radical change in property relations, the strengthening of the rights and responsibility of the republics and regions for the satisfaction of the growing needs of their population and the social reorientation of the economy have made it necessary to move away from traditional methods of allocating resources for the development of the social sphere. The proposed system of guarantees is by no means limited to centralized state measures. A distinguishing feature of its formation will be an increase in the share of the means of republics, krais, oblasts, enterprises and associations. To a considerable extent, therefore, the responsibility for its realization is on the shoulders of the local authorities. And in this they are called upon to demonstrate their full capabilities.

Impediments to Co-op Growth Examined

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[Article by Candidate of Economic Sciences Oleg Pavlovich Rybak, laboratory director, Scientific Research

Institute of the USSR State Committee for Statistics: "Trends in Development of Cooperation and Obstacles in Its Path"]

[Text] Cooperative ownership is one of the specific forms of collective ownership. Alienation of the worker from the implements of production, from products, from income and from other results of economic activity is weakened significantly in cooperatives. At the same time, ownership by members of a labor collective in state enterprises and organizations actually extends only to that part of profit which is received as stock dividends. If we are talking about civilized cooperation, and not its distorted forms ("laundering" of capital acquired illegally, legalization of black market business etc.), then features of it such as its orientation on petty ownership and availability of implements of production deserve special attention. Being a counterweight to the phenomena of gigantomania and monopolism in production, cooperative activity develops predominantly in the form of entrepreneurship in the area of small and mid-sized business. This makes the cooperative sector much more mobile, such that it can react sensitively to the needs of the market and to changes in demand, which is promoted by a specific advantage of this sector—absence of complicated multilevel organizational management structures.

Having begun practically from ground zero, cooperation (we are not discussing kolkhozes here) has now become rather widespread. As of the end of 1989 there were as many as 200,000 cooperatives employing 4 million workers producing diverse products and services worth over 40 billion rubles. Moreover the state did not allocate a single kopeck of centralized capital investments to co-op development.

In the first three months of 1990 the number of co-op workers increased to 400,000, and the volume of products and services was R11.1 billion. Private monetary assets and property of the country's citizens and hired and leased resources made up the material basis for development of the modern cooperative. This is the reason for the initially low level of concentration of cooperative production. In 1989 cooperatives with product sales up to R10,000 represented 27.5 percent of the total number of cooperatives, including 48.3 percent of agricultural cooperatives, 35.4 percent of cooperatives in public health and 44.4 percent in consumer services. And just within the system of cooperatives operating under industrial enterprises and construction organizations, and specializing in the production of consumer goods and of articles intended for production and technical purposes and construction, the average production volume exceeds R100,000.

Cooperatives are typified by a system of economic stimuli and motives of effective production that are more effective than in the state sector. The pay and the social and occupational position of the worker, you see, depend wholly and uniquely on commercial and entrepreneurial success. Being in an economically unequal position in comparison with state enterprises in terms of availability of raw and other materials and parts, cooperatives are nonetheless generally

enjoying better business results. For example according to the work results of 1989, specific consumption of materials by cooperatives in consumer goods production was significantly lower than in state enterprises of similar specialization. In this case it was 20 points lower in clothing manufacture, 12 points lower for woolen fabrics, 25 points lower for leather, fur and footwear articles, 15 points lower for bakery articles, 20 points lower for confectionary articles, and 10 points lower for agricultural and gardening tools, in comparison with enterprises in the state sector. Machinery, equipment and other implements of labor are also being used more productively in cooperatives. Thus, depreciation of fixed productive capital per unit of production is lower in cooperatives than in state enterprises of similar specialization: by a factor of 2.5 in clothing production, a factor of 6 in tricot production, 7 in leather, fur and footwear production, 4 in confectionary production, and 5 in agricultural and gardening tool production. We must keep in mind in this case that such differences in the use of material resources are attained even when cooperatives are compelled to acquire equipment and raw and other materials at prices much higher than those enjoyed by enterprises in the state sector. It would seem that this would doom cooperative production to artificial growth of specific material consumption, and a corresponding decrease in income. But as we can see, things are different in reality. This is a clear indication that there are internal stimuli toward sensible use of material resources, ones which are extremely strong despite the fact that they are still being restrained to a significant degree.

One of the unique features of the present stage of the cooperative movement is the fact that it has been brought about not so much by the objective need for developing an economic alternative to the state sector operating on the principles of competitiveness and parity in national economic structures, as by the possibility for increasing the volume of consumer goods and services without expense to the state. This feature is closely related to the attitude toward development of cooperatives as a secondary direction (we will not even go into the fact that in a number of cases it is also viewed as simply an undesirable direction). This situation cannot but influence development of cooperative ownership. It is not based on any clearly defined, specific program for rebirth of cooperatives as a competitive sector of the economy. But when the rather high dynamics of the cooperative movement and its significant effectiveness became obvious, clearly contrasting with negative phenomena in the activities of the state sector, a stable trend toward suppression of cooperatives came into being. The motives of this cannot be reduced just to the understandable desire "to stay in the saddle," to preserve the customary well-being enjoyed within the framework of the authoritarian administrative system, a well-being that is totally independent of the social usefulness of the results of activity. A new, serious motivation has come into being as well: There has arisen a growing outflow of qualified personnel from the state sector into the cooperative sector for extremely substantial reasons: the possibility for working more and better, for significantly increasing one's income (this possibility unfortunately continues to be far from

always available in the state sector), and presence of a great latitude of independence and constructive activity, including entrepreneurship, which we have traditionally slighted and referred to as a bourgeois flaw. It is therefore not surprising that according to a survey conducted by the USSR State Committee for Statistics, around 17 percent of the country's employable population currently expresses a readiness to work in the cooperative sector of the economy. There can be no doubt that given the way things are today, this percentage will grow.

Of course, it cannot be said that this situation, where the state sector, which embraces the national economy's leading sectors, loses its best personnel, is satisfactory. But it also cannot be said that the solution is to hold cooperatives back, rather than decisively transforming the economic principles of this sector's activity with an eye on radical reform.¹ And yet, it is precisely with the former method that attempts are presently being made to resolve the problem. This is one of the aspects of the overall course toward "equality in poverty": It is much easier, and more customary at that, to make one who has become a little richer poor again, rather than providing the poorer the opportunity to become richer.

The legal basis for the activity of cooperatives is documented in laws on cooperatives, on ownership, on land and on leasing. For practical purposes, not one of them is operating, or can operate, in conditions where there are no effective mechanisms by which to implement the fundamental principles proclaimed in the laws. The legal protections of cooperatives, and of other forms of non-state ownership, are declining, and they continue to be unstable in their principal parameters—the permitted forms of activity and taxation procedures.

Destabilization of the legal basis of the cooperative movement is playing a significant role in restraining it. The practical activities of cooperatives are regulated by decrees of the USSR Council of Ministers and the union republics, as well as by various acts of local soviets and their executive committees. Moreover there are all kinds of departmental decrees as well. As the number of directives increases, bureaucratic regulation of the activity of cooperatives becomes so extensive that the Law on Cooperation ceases to fulfill its functions, and is supplanted by a series of legalistic decrees. Among such legalistic acts, we can single out the 29 September 1988 decree of the USSR Council of Ministers: "On Carrying Out Different Forms of Cooperative Activity in Accordance With the Law on Cooperation in the USSR"; the decree of the USSR Ministry of Finances on partial recovery of payments from cooperatives for labor resources in the fourth quarter of 1989, its Instruction No 62 dated 11 May 1989: "On Income Tax on Cooperatives" and others. The regional level is represented by republic, oblast and local soviet organs and executive committees. Adoption of the ukase: "On Prohibition of Some Forms of Cooperative and Private Labor in the Uzbek SSR" resulted in the closure of more than one-third of the cooperatives. Decision No 335 of the Krasnodar Kray Executive Committee dated 25 July 1989 liquidated 677 cooperatives and imposed a ban on exports of agricultural products of cooperatives out of the kray. On 12 December 1989 the Moscow City Soviet adopted the: "Interim Statute on Procedures for Organizing Cooperative Activity in the City of Moscow," which is essentially oriented on scrapping cooperatives in the city, which employ over 400,000 co-op workers.²

Table 1 can provide a certain impression of the factors counteracting development of cooperatives.

Table 1. Basic Factors Restraining Development of Cooperatives*, %

Factors**	USSR	RSFSR	UESR	Other Republics
Absence of the necessary legal basis for development of the cooperative movement	34.3	31.0	41.1	42.3
High prices on raw and other materials	40.6	33.9	52.1	57.7
Imperfections in the taxation system	34.7	30.7	41.1	44.9
Difficulties in leasing productive capacities	18.9	16.0	20.5	29.5
Tyranny on the part of banks and financial organs	30.0	21.9	48.0	46.2
Corruption of Soviet and party organ workers	27.0	21.3	12.3	64.1
Rackets	7.0	4.4	5.3	19.1
Propaganda against the cooperative movement by the mass media	5.1	3.8	9.5	6.4

*Based on data from a survey of cooperative directors in 1989.

**The basic factors are stated using the most typical wordings contained in responses by co-op workers in regard to the main "sore points" in the development of the cooperative movement. Reference to a number of factors was permitted in the responses.

Analyzing the data in the table, special mention should perhaps be made of the item worded "tyranny on the part of banks and financial organs." In the Ukraine, as well as in a number of other republics, around half of cooperative workers cite the existence of such an attitude on the part of financial organs. What sort of actions are implied? Refusals to provide loans and information on the dynamics of financial assets, freezing of accounts, late issue of financial assets, arbitrary limitation of one-time payments, and other trumped-up limitations. All of this forces cooperatives to reduce their ties with the financial system. Turnover of cooperative finances becomes isolated. As a result the cooperative financing system is forced more and more strongly to embrace black market principles of operation and avoid the worldwide economic trend toward greater importance of clearing accounts.

The relationships of cooperative ownership are developing under complex conditions of reproduction. One more direction of economic suppression of cooperatives has taken shape—extortion. This technique is used by state and soviet organizations, enterprises and private citizens. For example state-sanctioned extortion manifests itself in two basic forms: introduction of economically unjustified mark-ups of prices on material resources sold by cooperatives; taxation devoid of any real economic grounds. The results of the existence of both forms are the same: redistribution of financial resources out of the cooperative sector into the state sector, and enlargement of the budget mainly at the expense of cooperatives; "sanctioning" of a parasitic relationship to supplying enterprises; economic discrediting of the cooperative sector. Naturally with things being this way, there can be no discussion of equal development of cooperative and state ownership. Cooperatives do not have the same access to material resources as do state enterprises. Acquisition of the implements of production at prices exceeding wholesale or retail prices by four to six times (they are even found to be exceeded by 13 times in some practical cases) leads to artificial growth of production expenses in cooperatives, and correspondingly of prices, which have to be set an average of 70 percent higher than state prices. *In order that cooperatives would in fact transform into a competitive sector of the economy, operating on the principles of parity and competition, cooperatives must be provided access to production resources identical to that of state and collective enterprises, and discriminatory measures must be done away with completely in the sphere of material and technical support.*

While price mark-ups promote redistribution of supplementary financial resources out of cooperatives in the stage preceding the production cycle per se, the unjustified taxation system does so in the stage of distribution of income from production and commercial activity.

The following are in my opinion the principal trends in taxation in the country: growth of tax pressure and an orientation on fiscal functions; instability of principles; delegation of tax enactment to the competency of local organs. The fact that taxes on cooperatives are recovered from income, which is the realized part of newly created value, is the main feature of the existing taxation system. This means an increase in the amount of money deposited into the budget and double and triple taxation of wages (without regard for deductions for social insurance). Wages are first taxed as a part of income, and then on common grounds with state and other enterprises. In agricultural cooperatives, where the principles of rent payments have not yet been worked out, land fees are set at the level of net profit. What remains after their recovery from income is the wage fund—the sole source covering accounts with the budget, with the bank, with the supplier of productive resources and with workers of the cooperatives. The part of income that remains after all deductions (assuming any remains at all) must still cover deductions into the reserve fund and provide for accumulation.

The taxation system is organized in such a way that the unrealized part of income remaining in the accounts of cooperatives systematically transforms into income of the accounting period, and is taxed a second time. Multiple taxation of income occurs when part of the work of a cooperative is carried out on a contract basis. Services are paid for in this case from the cooperative's wage fund (which is itself subjected to double taxation), after which income obtained at the place of registry of the outside organization (party to the contract) is taxed, once again for the second time. Other forms of tax pressure on cooperatives exist as well.

Tax rates are currently being set by local executive committees without a scientifically substantiated system of standards, which makes taxation totally dependent on local attitudes generally existing toward the co-op system, and toward specific cooperatives in particular.

Tax rates are not specifically tailored to the effectiveness of cooperative activity, prices and scarcity of products (services). Actually, local executive organs implementing the tax system have established the principle of an inverse dependence of tax rates on the effectiveness of production: The more effectively (profitably) production is carried on, the lower the tax. For example, cooperatives producing consumer goods at a per-worker income of R3,300 have a tax rate of 5.8 percent, while cooperatives with an income of R2,800 have an average tax rate of 17.4 percent; and when the income is R2,500, the tax rate increases to as much as 24.6 percent. Cooperatives specializing in the manufacture of articles for production and technical purposes and receiving a per-worker income of R4,300 have a tax rate averaging 6.3 percent; but if this amount is only R2,400, tax deductions attain 27 percent. The same is also typical of other cooperatives (Table 2).

Table 2

Group of Cooperatives Based on Income Tax Rate, %	Total Income Per Worker in Different Spheres of Cooperation, Rubles		
	Trade	Public Health	Other Services
Up to 5	3623.3	2157.1	2369.1
5-9	2724.5	1888.6	2265.8
10-14	2581.7	1462.7	226.1
15-19	1970.5	1446.8	2107.3
20-30	1685.5	1615.0	2281.5

Such a taxation system contradicts the economic interests of both the state and cooperatives. By reducing the tax rate with increasing profitability of cooperative production, the state fails to realize the principles of equal stringency of requirements, and suffers a significant shortfall in tax income, transferring the entire responsibility of enlarging the budget to cooperatives that are poorly developed economically. But even the cooperative movement as a whole loses out as well. Discriminatory taxation conditions worsen the material preconditions of the production and financial activities of those cooperatives which are in their developmental stage, and those which are experiencing difficulties in growth of end results over the course of a certain period of time due to various causes.

A reorientation toward taxation of profit should become the principal direction of improving the taxation system. In the first stage we obviously need to create advantageous conditions under which only the wage fund would be taxed (for the first two-three years). In subsequent years, advantageous taxation (at a 50 percent rate) should be extended to assets deposited into the fund for development of production and for social development. And only after the material and equipment base of the cooperatives is strengthened (that is, after four-five years) should the general taxation principles be introduced. This would make it possible to strengthen the cooperative sector economically, support its fast development, and fully compensate, after a few years, for the amount the budget failed to receive due to the decrease in tax receipts in the first years of operation of the cooperatives.

Mutual relationships of cooperatives with guarantor enterprises that are supposed to provide all-out support to them are far from economically harmonious as well. Departmental cooperatives come into being on the following economic basis: *in the financial sphere*—presence of huge amounts of unused remainders in cost-accounting funds (according to the results for 1989 they totaled more than R100 billion); *in the sphere of material and technical support*—presence of above-standard stockpiles of raw materials (around R200 billion) and of uninstalled equipment; *in the social sphere*—a demand for supplementary earnings by practically all categories of employees; *in the sphere of planning*—pressure in the direction of diversifying production by manufacturing

consumer goods or equipment which is out of the profile of the given sector (enterprise) and which requires such goods for its manufacture.

Development of cooperatives under enterprises is the unique resultant of these factors. Formation of such cooperatives makes sense from the standpoint of social, collective and private interests. But even here, however, there are stumbling blocks as well—transfer of clearing account assets from production development funds into the wage fund of cooperatives, and so on. But from the standpoint of the real content of property relations, such production operations may be classified as cooperatives only with major qualifications. They operate completely with leased equipment, as a rule without the option to purchase it or the possibility to form their own production base. At the same time, one of the specific classifying characteristics of cooperative ownership is investment of one's own property into production coupled with property liability for the results of activity. Next, rather than being the property of the labor collectives, products manufactured by such "conditional" cooperatives are instead accounted for in the plan of the guarantor enterprise. And finally, the production operations we are talking about are absolutely dependent (in terms of work space, implements of labor, working capital, financial resources, the procedures employed, marketing orientation and the price of products) on the state guarantor enterprises, and therefore there is no way they can truly claim the status of an independent representative of an economy operating on a multiplicity of principles, or all the more so compete with state enterprises. In our practice, such businesses that do not maintain a production relationship with the principal production operation but which operate within the framework of their head enterprises have usually been referred to as auxiliary or subsidiary enterprises. It would seem that production operations of the cooperative type that we are examining here should be classified as this type of enterprises. The absolute dependence of "conditional" productive cooperatives predetermines all of the features of their relationships to their guarantor enterprises. There are examples where these cooperatives are forced to transfer up to 20 percent of their income to the guarantor enterprise, pay bonuses to the leadership and administration of the enterprise, and to essentially list its associates (or their relatives) fictitiously as "working" for the cooperative. Local executive committees of

soviets of people's deputies and organizations subordinated to them occupy a special place in the overall system of mutual relations between cooperatives and various organizations. Together with financial organs, these committees predominantly employ methods of compulsion in relation to cooperatives. The specific means they employ are abundant: red tape in registering a charter, in approving the design of the seal and its manufacture, and so on. "Paying tribute" is found to be the sole means out of such traps in every instance. According to the survey data more than a fourth of the cooperatives are subjected to one form of extortion or another.

If in addition to this we consider the high frequency of propaganda against cooperatives on the part of the mass media, and of various circles unaware of the true state of affairs and in some cases even opposing perestroika, we can assert in general that a strong inhibitory mechanism has taken shape in opposition to the cooperative movement. Unless we eliminate it, and ensure absolutely equal political, economic and legal conditions for the activity of cooperatives and of enterprises operating on

the principles of other types and forms of ownership, development of an economy based on a multiplicity of principles and effective development of the national economy would be doomed to failure.

Footnotes

1. A. A. Glushetskiy maintains an interesting point of view according to which the failures of cooperative entrepreneurship are the result not so much of pressure from the authoritarian administrative system as of absence of an optimum course of cooperative policy and of "flexible combination of new and old economic structures" (see Glushetskiy, A., "Cooperative Policy: Results, Conflicts, Ways of Optimization," *EKONOMICHESKIYE NAUKI*, No 6, 1990, pp 52-53).

2. This discriminatory statute was repealed by the new membership of the Moscow City Soviet.

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CIVIL AVIATION

Minister Interviewed on Aeroflot Passenger Service Record

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Nov 90 p 3

[Interview with B. Ye. Panyukov, minister of civil aviation, by NEDELYA correspondent Ya. Shestopal: "The Citizens and Civil Aviation"]

[Text] Articles about civil aviation are written frequently and willingly. And while the tone of articles was usually well-disposed before ("the favorite creation of the Soviet people"), it has changed sharply lately: the unmet demand has reached the astronomical figure of 26 million persons, the service at airports is the worst anywhere, and the "all-weather capability" advertised is turned into departure delays which sometimes last for days.

And a question has begun creeping into the articles more and more frequently: whether it is within Aeroflot's power to carry the two burdens—providing transportation on air routes and coping with the ground operations, which are exactly what create the most inconvenience for passengers. And not adopting the experience of other countries, where "the ground" is separated from "the sky?" B. Ye. Panyukov, the minister of civil aviation, responds to questions from a correspondent.

[Shestopal] Boris Yegorovich, I can well imagine what the manager of a sector such as Aeroflot is thinking when he is approached by a journalist: "Well, here is another unpleasant discussion about poor passenger service, the lines, the disruption of flight schedules, and so on and so forth..."

[Panyukov] That may be true. But not entirely. It goes without saying that we must be held responsible where pilots have not snapped into action and engineers have slipped up. But the manufacturers must be held responsible for the aircraft delivered to the sector and city organizations must bear responsibility for the work of passenger transportation, communications, and the restaurant.

Aeroflot must really define its position in the future—whether we will handle all the problems alone or whether it is time to share them. In our case, with the soviets.

[Shestopal] Clearly. Then about the subject. You cannot escape the unreliable partners, uneconomical equipment, and other external factors. But obviously, with Aeroflot's shift to market relationships, won't a great deal be changed in its activity?

[Panyukov] I would like to believe this. But the stereotypes that have defined our life for many decades will have to be broken. And the principal myth being destroyed will be the monopoly in transportation and the monopoly in the design and manufacture of aircraft and in their commercial use. Civil aviation will undergo

important changes, in its structure first of all. A fundamental restructuring of its functioning and management is long overdue.

For more than 25 years, the unified aviation detachment, which combines the flight and technical complex and the airport, two structures which are difficult to unify, has been and continues to be the basic production unit. But the explosive increase in demand for air service, especially in the second half of the 1980's, revealed the negative aspects of such unification. The emphasis was shifted to meeting this demand without the corresponding improvement in the quality of service. The problem of "our" and "their" client emerged. Priority was given to ours.

In developing its own base and increasing the amount of construction, the detachment often overlooked the passenger's interests and requirements. And the problems of development themselves became very critical and did not permit them to realize even half of the program to build airports and aircraft maintenance bases.

[Shestopal] As far as I know, there are different organizational structures for managing air transportation and airports' activity abroad, particularly in the United States, Canada, France, and other countries.

[Panyukov] Absolutely correct. The airports there are independent enterprises and exist separately from the airlines. Their relationships are built on a contractual and legal basis. I think that in assessing this experience critically, it is high time that we shift it to our application in some way. We should begin with the unified detachment.

We must proceed in this on behalf of the passenger. For the passenger to become aware of the real fruit of perestroika in air transportation, he should feel that he is a welcome guest at the airport. But for such conditions to be established, the airport should acquire independence—both juridical and financial independence—and consequently interact not only with the sector, but the soviets, which should ensure that the airport truly becomes the city's visiting card, its face.

An airport involves many sectors. Some 45 to 47 percent of the fixed capital in civil aviation is concentrated there, so the soviets, if they express the desire to cooperate, could become aware of the economic effectiveness of this desire quite rapidly.

[Shestopal] All right, let us assume that the division has taken place and the airports have "detached themselves." How will they function?

[Panyukov] An independent enterprise with the name "airport" will be open to the aircraft of all airlines, and it will stop making a distinction between "our" flights and "their" flights for the sake of a favorable report to the authorities. Its superiors will be the city and its residents, who will determine for themselves whether their airport is operating well or not.

The basic source of income will be the takeoff and landing fees from airlines and technical and commercial service, as well as the receipts from public dining, trading, and general service facilities, and so forth. The results of economic activity will also begin to depend on whose property is occupied by the airport. There are many different possibilities here—republic, municipal, and collective property, a joint stock company...

The city soviet which has become a co-owner of the airport will have an economic interest in looking after passengers' accommodations. Hotels, new terminals, and other service facilities—communications lines, bus stations, motor vehicle and rail access, and so forth—will have to be built there. And the sector will be free to put things more in order in "the sky."

[Shestopal] With respect to the soviets, doesn't it seem to you that we have painted a picture that is too glowing? Are the local organs of authority so energetic, are they so quick to be concerned for their fellow citizens and future air passengers? For about 15 years the Crimean Regional Air Service Agency has been under construction in Simferopol, but it does not appear that the city authorities have been very concerned about completing it as soon as possible. And I think the funds were available.

[Panyukov] They were. Every year the ministry allocated funds to complete the work, but the construction workers used every pretext to postpone the time for putting the facility in operation. The money that was not put to use has been lost, and passengers have been suffering in close quarters in lines for tickets, cursing the construction delay and...us. Us, Aeroflot, but not the city fathers. Incidentally, this is one more argument in favor of the division of responsibility. If the city had been seriously interested in building the agency, it is unlikely that the capital invested would have been unutilized for so many years. But if a construction project is departmental, let the department have the headache as well.

Now, with respect to the soviets' activity. Indeed, there is no apparent enthusiasm on their part to rush to become co-owner of a facility as complex and turbulent as an airport. True, it is very complicated. But I think sooner or later the ice will be touched, and I look to the future with optimism.

[Shestopal] What do you base your optimism on?

[Panyukov] First, let the still timid steps be made in this direction. For example, the Moscow Soviet is seriously looking into the question of including the airports in the capital's air hub in the municipal infrastructure.

However, there are very serious problems here as well. First of all, there is the clear-cut legal regulation of the airports' activity and responsibility for people's safety. A change in the structure of management of civil aviation's ground complex, especially by transferring airports to the soviets' control, may be widely introduced after adoption of the new edition of the Air Code, which is the foundation of legal relationships in civil aviation. Until

then the process of separating the airports, especially the mainline airports, should take place within the framework of the sector.

Further. Recently a group of specialists and I had occasion to visit the Far East. We became aware that a very interesting situation was taking shape there as well. A change had taken place from the parasitical attitudes (let Aeroflot build the runways, hotels, and terminals—this is what it needs) to a realistic assessment of the state of affairs. The runways, terminals, and so forth are needed primarily for the region and its residents. There will be runways, terminals, and systems—Aeroflot aircraft will be flying there, and not only its aircraft, but those of other airlines as well. Businesslike meetings and negotiations were completed by signing the appropriate protocols with the leaders of local soviets.

The process of creating new airlines has already begun: there is the BAL (Bashkir Airlines), KamchatAVIA, Lithuanian Airlines, and the SibAVIA concern, and other new structures are getting ready to announce themselves.

Their formation is proceeding with difficulty—it is a new and unexplored area. Here is an example—KamchatAVIA. A great deal of time was spent in preparing the separating balance between "the sky" and "the ground," and work is under way to develop a mechanism to transfer airports in the oblast to the local soviets. A contract has been prepared between our ministry and the airline, under which part of the state property will be shifted to a long-term lease by the labor collective. It is gratifying that the management of this chronically unprofitable enterprise is aiming right away at turning it into a profitable one by the end of next year. For its part, the ministry is prepared to provide the necessary assistance to the Kamchatka workers.

[Shestopal] But what if they are not profitable? After all, many airports, especially on local air routes, are unprofitable. What are they to do in such cases?

[Panyukov] Yes, the threat of bankruptcy is really hanging over a considerable number of airports in the transition to market relationships. It is simplest to close the unprofitable airports in Chokurdakh, let us say, Tura, or Mys Shmidt. But what about the people who will be deprived of communication with the center, with the mainland? So we must resolve the social questions together with the economic ones. Of course, we will have to help these enterprises first. The second question, as they say, is what this help will be—a preferential tax or direct subsidies, and who will provide for them. But we must search collectively for ways out of the economic difficulties. For example, small enterprises can be established at airports as they are doing in Anapa, or joint ventures with the involvement of foreign capital as in Belgorod, let us say. We must develop a network of nonspecialized services for the public, set up tourism offices, and not shun the "dirty" work of repairing vehicles for the public, let us say, as they are doing in

Brest, and we should involve industrial enterprises in the financing of local air routes (Beloretsk in Bashkiria, airports in Tyumen Oblast, and so forth). There is no end of work here for the soviets, which know the competition better than anyone else.

[Shestopal] Thus far our discussion has touched on the role of the local soviets. But after all, the union republics, by declaring their sovereignty, are also claiming a share of aviation property.

[Panyukov] Well, every step we take now is a step into the unknown. As far as changes in the republics are concerned, this process is under way and it is not so simple, and I would postpone discussion about it to a later time for this reason. The problems of ownership cannot be resolved all at once.

But I would like to say that flight safety is the most important factor for aviators. No matter what kind of reorganization or transfer of funds, the fleet of aircraft, or entire airports we undertake, we must ensure that flight safety does not suffer one iota as a result. Our reforms will be worth next to nothing if discipline begins to decline and the laws of flying activity are violated.

And more. Inasmuch as transportation in any country is part of the state infrastructure, a core which holds this system together should remain in any separation. I am speaking about a unified Air Code and a Unified Air Traffic Control System.

The latter should be retained as state property, All-Union property. It cannot be dismembered by nationalities and sovereign regions. Just as the country's airspace cannot. I want to recall here an example that is rather amusing, but it makes one think, all the same. The soviet of one of the Moscow rayons declared its sovereignty over the rayon's territory and the airspace over it. If we divide up all the air zones into pieces this way, not one aircraft will be able to take off or it will violate the sovereign airspace of a rural soviet or a rayon. It is clear what this can lead to.

Aviation Minister on Improvements to Airplane, Helicopter Fleets

914H0067A Moscow IZVESTIYA in Russian 22 Nov 90
Union Edition p 2

[Interview with A. Systsov, minister of the aviation industry, by IZVESTIYA correspondent V. Belikov: "Fifth-Generation Airliners for the 1990's"]

[Text] The "Program for Development of Civil Aviation Equipment in the 1991-2000 Period," developed by the USSR Ministry of the Aviation Industry and Ministry of Civil Aviation, is being reviewed by the Council of the Union's Transport, Communications, and Information Science Commission on 21 November. An IZVESTIYA correspondent met with A. Systsov, the minister of the aviation industry, and leading specialists and designers in

the sector, who described the basic directions for updating the fleet of domestic airplanes and helicopters in the coming decades.

It is expected that 200 million passengers will be carried every year by air transport in this country at the end of this century. This is roughly one-third more than the number that Aeroflot will carry this year. However, every fourth or fifth person standing in line at a ticket counter today cannot fly—because the airliners do not have enough seats or there is not enough fuel. Civil aviation consumes 14 million tons of it each year, by the way.

Because domestic engines are inferior and have extremely poor economy compared with foreign engines of the same type, we are consuming 30 percent more aviation kerosene than foreign airlines which are using Boeings and Airbuses to carry an equal number of persons or amount of cargo for the same distance. The program for development of aviation equipment proceeds from the assumption that improving the performance of engines developed by our design bureaus, improving the aerodynamics of aircraft and lightening their weight by more extensive use of composition materials will make it possible to meet transportation demand in the country without increasing the overall consumption of scarce fuel, that is, by staying within the limits of those same 14 million tons. I will cite the following figures as a comparison: the Americans consume over 30 million tons of fuel every year to carry 250 million passengers.

It is obvious that the aircraft being used today by Aeroflot will not be able to keep within the stringent fuel limits. Most of our current fleet of civil aircraft—2,524 passenger airplanes of nine types, 466 Ilyushin and Antonov cargo airplanes, and 1,158 helicopters—are obsolete and will be subject to replacement soon. In order to meet the continuously increasing demand for passenger service, calculations show that it is necessary to provide the Ministry of Civil Aviation with 150 mainline passenger aircraft and 75 aircraft for local routes each year. I will point out, by the way, that this is considerably more than current deliveries from the Ministry of the Aviation Industry.

Where will we obtain the production capacities needed to triple the output of equipment for civil aviation, as stipulated by the program, in the near future? They will be provided by the conversion, in the course of which the production of military aircraft will be reduced to the limits of "reasonable sufficiency." We must assume that these additional capacities are large enough to handle one more workload—increasing the deliveries of Soviet aviation equipment for export by 2 to 2.5 times as much (up to 150 to 200 aircraft annually).

This in particular merits discussion. The overall forecasts for the aircraft market in the 1990's are stunning! Manufacturing firms will be required to turn out airplanes and helicopters valued at no less than 130 billion

dollars in order to meet the demand for aircraft, which is increasing by seven percent and more in the world each year. All the leading aircraft manufacturing companies are not taking on any orders earlier than 1998—the plants are operating at full capacity. Is it wise for us, as one of the few countries with a developed aircraft industry, to overlook such a favorable market?

"We want to offer foreign clients airplanes and helicopters that are completely competitive," A. Systsov stressed. "For this we need to increase aircraft fuel economy by 1.5 to 2 times as much, double the design service life, and sharply improve flight safety. This does not refer to just an 'export version,' of course—all domestic aircraft without exception will be raised to a new level of progress."

The fifth-generation jet airliners will not be developed by monopolist firms from now on; they will be selected for series production on a competitive basis. In particular, a long-range mainline aircraft which flies for 12,000 kilometers will have to be determined after careful comparison of all the parameters of the Il-90-200, the TU-304, and the An-218. These aircraft, with seats for 200 passengers, are equipped with two advanced, highly economical NK-92 engines. But perhaps we should give preference to the "air marathoners"—the triple-deck (!) Il-96-500 or the An-418, which are able to accommodate 500 to 600 passengers?

For the most popular medium-range routes, we will also have to have a competitive selection between the 126-seat Tu-334-2, the 150-seat Yak-46, which has fundamentally new turboprop engines, and the An-180, which carries 160 to 180 passengers. Altogether over the decade we have to develop up to 30 types of aircraft: for passenger flights of any range, cargo aircraft (the An-70T for 26 tons and the Il-106 for 70 tons), five versions of the Il-114 (Arctic with skis, for ocean fish reconnaissance, for aerial photography, for communications relay, and for ice reconnaissance), the A-200 amphibian, a new agricultural aircraft, the light multipurpose Yak-112, and a whole range of helicopters.

Several OKB [design bureaus] have presented ideas for so-called executive-business aircraft; there are over 15,000 of them in other countries, and there are none at all among our aircraft. The 15-passenger Il-108, which will be able to fly for over 4,000 kilometers at 800 kilometers per hour, is such an aircraft. It will make use of satellite radio communications, be equipped with a self-contained air navigation system to operate in any part of the world, and have the passenger comfort of an Airbus. The transcontinental 12-passenger S-21, a supersonic aircraft, will have even greater capabilities. It is being developed jointly by the OKB imeni Sukhoi and the American Conquest Aerospace firm, and the engines are being developed by the Design Bureau imeni Lyulka and Rolls-Royce.

One of the features of the program to develop aviation equipment is the involvement of foreign companies and

firms in scientific and technical cooperation. One of the many examples of cooperation. With American industrialists who call themselves "The Businessmen's Group," headed and financed by A. Hammer, a substantial portfolio of orders from foreign transport airlines is now being formed to purchase the Il-96-300 and Tu-204, which are now being prepared for series production.

The airliners being exported will be equipped with engines made by the noted American firm Pratt and Whitney and the on-board electronic equipment will be provided by the Honeywell company. The computer software will be prepared by Soviet specialists, and after an American certificate of airworthiness is obtained, the aircraft turned out in Voronezh and Ulyanovsk will begin flying under foreign flags.

Azerbaijan Airport Open for International Flights

914H0067B Baku BAKINSKIY RABOCHIY in Russian
26 Oct 90 p 1

[Report by M. Kerimov: "The Bina Airport Is Open for International Flights"]

[Text] Baku's Bina Airport has acquired official status as an international airport. This took place literally the other day, when Order No 225r from the Azerbaijan SSR Council of Ministers "On opening Baku's airport (Bina) for international flights" was received by the aviation enterprise's headquarters.

"Generally speaking, the question of international airport status was decided at the union level much earlier," Rufat Nazarov, chief of the aviation enterprise staff, told a BAKINSKIY RABOCHIY correspondent. "Last summer the union government approved the Azerbaijan Council of Ministers proposal on opening Bina Airport for international flights and authorized the USSR Ministry of Aviation by its order of 31 August to sign agreements, protocols, and other documents on the government's behalf enabling the aircraft of states with which the USSR has an air service agreement to make scheduled flights to Bina Airport."

It should be said that Baku aviators, border guards, and customs officials already have experience, although not a great deal, in receiving and dispatching international flights: charter flights were made to Istanbul, and a special flight for pilgrims has been made from Baku to Jiddah and return. However, now, with implementation of the order mentioned, there will be a substantial addition to the problems. After all, without waiting until construction of the new air terminal complex is completed, it stipulates that check points are to be organized now for border, customs, and sanitary inspections of aircraft, crews, and passengers. The "Promstroy" PO [Production Association] must quickly complete renovation and turn over the main sewer line to the airport by the end of this year, and the "Azenergostroy" Trust is to complete renovation of the entire power system for Bina Airport during 1991. In order to receive and dispatch heavy cargo aircraft, the government order obliges the

"Azerbaijantransdorstroy" PPSO [possibly: Production, Planning, and Construction Association] and the "Azneft" Production Association to complete renovation of the second runway in the second half of next year. But for this the Azerbaijan SSR Goskomiopivo [State Committee for Fuel] is to deliver 30 tons of bitumen for construction workers every day and the republic's Ministry of Industrial Construction is to provide 10,000 cubic meters of sand and crushed stone each month.

The government order also stipulates fulfillment of a specific volume of work at the site by the "Azneft-dorstroyremont" and "Azerbvodstroy" SSO [expansion unknown] trusts for the Ministry of Communications and of course, for the AzUGA [Azerbaijan Administration of Civil Aviation] itself.

I am not listing the enterprises and departments who are associated with implementation of the decision to rebuild our capital's airport in such detail for greater show. I simply want to draw a parallel with one period long ago in the history of Azerbaijan's civil aviation. The early 1930's. Pilots of the Baku civil aviation subdivision had already opened routes for scheduled flights by this time to Gyandzha and Yevlakh, Adzhikabul and Tbilisi, Makhachkala and Grozny, Vladikavkaz and Pyatigorsk. But it was becoming more crowded for them at the small air station in Kishlakh, built in 1924. It was at that time that construction of an airport that was large for that era was begun near the settlement of Bina.

Scientists led by Academician I. M. Gubkin inspected the site where the airport was planned beforehand and were convinced that there were no oil and gas formations here. It was built by everyone, as they say. It was declared a shock construction project, and in addition to the "Bakstroy" workers, oil workers, machine builders, students, and railway workers labored with enthusiasm here every day. Komsomol and youth subbotniks were conducted regularly.

The birthday of Baku's Bina Airport coincided with the 10th anniversary of the Civil Air Fleet of the USSR—9 February 1933. And the first chief of the new airport was one of its active builders. Hero of Labor Ivan Banzo.

One more fact from history. There was a time when Bina was the only airport in the country to be an international airport. Not in the concept of the word today, but all the same. During the war, in the 1940's, flights were also made to Teheran from here.

New Pilots' Independent Trade Union Leader Interviewed

914H0061A Moscow VOZDUSHNYY TRANSPORT
in Russian 29 Nov 90 p 1

[Interview with A. A. Malinovskiy, leader of the independent trade union for cockpit personnel, by VOZDUSHNYY TRANSPORT correspondent: "A Trade Union for Cockpit Personnel: The First Steps Are being Taken"]

[Text] As we have already reported, Aeroflot's aviators have established their own trade union, reorganizing it from the Association of Civil Aviation Cockpit Personnel. Our correspondent met with its leader, A. Malinovskiy, and asked him to answer a few questions.

[Correspondent] Alfred Avgustovich, you mentioned the idea of creating an independent trade union for pilots a long time ago, and now the fact has materialized, as they say. What are its goals and tasks?

[Malinovskiy] Indeed, at the second conference of the ALS [Association of Cockpit Personnel] we adopted the decision to shift to a trade union platform, and all this time we have been working out the documents, ascertaining public opinion, and resolving organizational problems. And now the congress unanimously decided to establish an independent trade union.

Its goals and tasks? They can be expressed in very general terms in two directions. The first is protection of the interests, rights, and dignity of cockpit personnel. And the second one is organization of professional activity, ensuring flight safety and normal working conditions for pilots.

[Correspondent] What does the word "independent" mean? Will your trade union be cooperating with some structures which we formerly called "higher" structures?

[Malinovskiy] Independent means that we will be responding to the will of cockpit personnel alone and no one else. There are no higher authorities. We will be cooperating with the Aviation Workers Trade Union first of all, of course, for we have a great deal in common for the entire sector. We will be collaborating with other independent trade unions, the miners' union, for example.

[Correspondent] With respect to the Aviation Workers Trade Union in a little more detail, please.

[Malinovskiy] Opinions were divided at the congress: some persons felt that we must live by ourselves, but the majority think we should interact with the Aviation Workers Trade Union on a federative basis, as a partner with equal rights. Personally, I am inclined to the second opinion. But the decision has not been adopted yet; we will do this at the next session of the council, when the opinions of the primary organizations will be known.

[Correspondent] And what will the procedure be for joining the trade union?

[Malinovskiy] I think we should simplify it as much as possible. We should conduct a general meeting in the primary trade union organizations of flight detachments (squadrons) and ask this question. Voting by name will determine which pilots will join our trade union. Membership is absolutely voluntary.

[Correspondent] Let us assume that all pilots joined their trade union and formed their own cell. Its next steps?

[Malinovskiy] It opens an account in a bank, registers itself as such, and concludes a contract with the administration. It should state all the requirements made of cockpit personnel and their duties. Each collective will define their problems here. There will be no "orders" from the top, especially since there will be no "top" in the previous sense.

[Correspondent] That is?

[Malinovskiy] The presidium of the Association of Cockpit Personnel Trade Union is a coordinating organ, not a supervisory one. The congress delegated the right to us to resolve problems in general—at the level of the ministry, the government, and various trade union organs. The idea of leadership from "the center" should be discarded. Complete independence of local and regional cells—that is our motto.

[Correspondent] But if there is a "center," we should acquaint readers with its functions, all the same.

[Malinovskiy] Besides the president, which you already reported, four vice-presidents were elected: Oleg Khlopkov (Myachkovo), Klim Kaytukov (the town of Shakhta), Aleksey Yeliseyev (Vnukovo), and Valentin Presnyakov (Pechora). They will also deal with long-term problems such as secondary professional orientation; scientific research on noise, vibration, and radiation; salaries; documents on pilots' work and rest conditions; measures to improve flight safety, and so forth.

In addition, there will be an executive committee made up of persons who are employed—lawyers, economists, sociologists, physicians, and other specialists.

[Correspondent] What will the total dues be?

[Malinovskiy] The same as before, one percent. The primary organization has all the fees at its disposal; 10 percent is deducted "upward" to finance scientific programs and international contacts and to maintain the presidium and executive committee.

[Correspondent] Doesn't departure from the "old" trade union mean giving up the sanatoriums, health resorts, nurseries schools, and so forth?

[Malinovskiy] Not at all! All this was built with our money as well, which we have deducted from the dues, but mainly from the sums which were deducted by enterprises. So there will be no infringements here.

[Correspondent] What will your relationships with the Flight Service Administration be like?

[Malinovskiy] I would like them to be (and I am confident they will be) as close and as businesslike as possible. After all, pilots are working there, and we hope their positions and shoulder straps will not overshadow our common needs. If you look at the root of our problems, most of them can be resolved right here: flight documentation, the orders for new equipment, and medical examinations come from here, and this is where the

information from ICAO [International Civil Aviation Organization] and world airlines is concentrated. So we have grounds for cooperation. We should be partners with equal rights in solving the problems of cockpit personnel.

[Correspondent] The question of forming an insurance fund to provide assistance to pilots who have been unfortunate and to their families was raised at the congress.

[Malinovskiy] Yes, this question was raised, and we will be establishing such a fund. Everything will depend on the primary organizations and their desire to make payments.

[Correspondent] Thank you for the interview. The VOZDUSHNYY TRANSPORT editorial staff wishes your trade union success.

[Malinovskiy] Thanks to you as well, for today I can appeal directly to my pilot colleagues who are working and those who have retired to join our professional union.

Airport Association Plans Examined

914H0071A Moscow VOZDUSHNYY TRANSPORT
in Russian 22 Nov 90 p 2

[Interview with Leonid Shcheglov, chief of the Administration for Airport Development of the Ministry of Civil Aviation, by VOZDUSHNYY TRANSPORT correspondent: "Will There Be 'Airport' Association?"]

[Text] It is clear to everybody these days that the industry needs change. In general, one may visualize the following picture: Airlines (concerns, etc.) are created on the basis of existing groups (administrations). Airports become independent enterprises, which potentially may be transferred into municipal ownership. But all of this is a vision of a remote future, while the situation with the airports is intolerable today. Their insufficient technical base does not meet flight safety requirements, and does not allow for decent passenger service. That is why the proposal by Leonid Shcheglov, chief of the Administration for Airport Development of the Ministry of Civil Aviation, to take the necessary steps towards making a joint effort now, has met with agreement in the localities. Thus the idea of an association was born. By now several working group meetings have been held, as well as consultations with the ground facilities administrators.

Our correspondent asked L. Shcheglov to provide the details on the principles behind the creation of the new organization.

[VOZDUSHNYY TRANSPORT] Leonid Andreyevich, what was the starting point for combining the airports' efforts under one umbrella?

[Shcheglov] Poverty. And a lack of perspective in their future development. For instance, just a little more than two percent of the Ministry of Civil Aviation budget is

allocated for scientific and experimental design research, and for the development of new technologies along the lines that are supervised by the Administration for Airport Development. This guarantees that we will live without a future, in a hand-to-mouth mode, for a long time to come. What kind of job intensification and service improvement can we talk about?

[VOZDUSHNYY TRANSPORT] So you think that an association will be able to solve this problem?

[Shcheglov] I think so.

[VOZDUSHNYY TRANSPORT] How?

[Shcheglov] Let us start at the beginning. What is the worst problem point for the ground services today? Technical obsolescence. Special vehicles with a tractor chassis, designed for military airfields (and we use them on flat, concrete pavement!); mechanical devices put together by garage craftsmen; ad hoc purchased transporters that are then modified to fit the needs of one's own minuscule terminal; ladders and electric cars past their useful life limits. And so on.

The attempts of individual airports to "build their own communism" are doomed. Research institutes and industrial enterprises (such as automobile plants, for instance) change the so-called "contract" prices for these "individual" airports, even for their standard production. That is, they charge not for an extra set of research materials or an extra copy of a technological prototype, but for everything, as if they were doing the job from scratch: defining the task, the technological research and design, and the building and testing of the prototype. And the customer has no other choice, no way out! At the same time, there are quite a few problems that require such technological solutions. This includes special vehicles, or special equipment hauled on small trailer platforms; the means of mechanizing and automating the aircraft's technical and commercial service; intra-terminal mechanization; environmental protection measures; light-signal equipment, etc. The enterprises have agreed to concentrate their resources on these tasks; then the solution of these problems for each individual airport will cost much less.

That is the beginning. That is where we plan to start.

[VOZDUSHNYY TRANSPORT] That is, you want to work out a joint technical policy and become a single customer on the goods and services market?

[Shcheglov] Yes. But this is only a part of what we want to do. The association is creating a data bank, and it will represent its members' interests in the state administrative organs, in relationships with various organizations and firms, etc.

[VOZDUSHNYY TRANSPORT] Would this not duplicate the work of a corresponding department in the ministry?

[Shcheglov] Not at all! First of all, the Ministry of Civil Aviation by itself will have a completely different function in the market-based system—it will become a state administration organ for the industry; second, we want to combine the efforts of the airports in anticipation of changes in their status. Sooner or later local soviets will become one of the co-owners of the cities' air space. This will probably make sense: we cannot rely on the center alone; we will need the support of the local authorities in our development efforts. On the other hand, each airport—together with the soviets—cannot have its own specialists on planning the development of ground services; even such large facilities as Vnukovo, Domodedovo, and Borispol cannot afford to pay all the expenses involved in ordering, say, snow removal equipment. This is where joining forces will pay off.

[VOZDUSHNYY TRANSPORT] Who may become an association member?

[Shcheglov] First of all I want to emphasize that membership is on a strictly voluntary basis. As to membership criteria, we would accept any airport, united air group, civil aviation administration, scientific and scientific-industrial conglomerations, civil aviation enterprises and organizations, as well as other conglomerations, enterprises and organizations whose activities do not contradict the association's goals and tasks.

[VOZDUSHNYY TRANSPORT] What if somebody does not want to join the association?

[Shcheglov] I have already mentioned the absolutely voluntary basis. The association will be working on the principle of self-financing; therefore it will work first of all for its founders. Enterprises which are not association members will have to rely exclusively on their own resources. It is not going to be easy in a situation where normal economic ties are being disrupted. For instance, the Minsk scientific-industrial conglomeration Dormash informed us recently that they are terminating the production of heat engines and rotors; the Biysk factory informs us that they will no longer make the composition for sealing seams. These kind of "surprises" come from all directions. The Administration for Airport Development is still carrying out its functions for now, and is trying to patch these holes. We have conducted negotiations in Severodonetsk in regard to making rotors and thermal machinery there, and we have found the resources to support this program. We also gave 600,000 rubles [R] to the Biysk factory, and they are now replacing their outdated equipment. But in the future all these problems will have to be resolved by the enterprises; the Ministry of Civil Aviation will only fulfill the function of a state administration organ.

The same situation has emerged in regard to passenger shuttle buses. An auto factory in Liki stands ready to design and produce such machines. However, to start this project it requires R1.5 million for factory design

and expansion. Who will pay for that? Koltsovo separately and Odessa separately? No, this is a task for the association.

[VOZDUSHNYY TRANSPORT] Is there not a danger that one more monopoly will emerge?

[Shcheglov] We still think in the categories of yesterday, and some of today's. I want to emphasize once again: No interference in the airports' activities on the part of the association will be permitted. Moreover, a group of airports may—and probably will—create regional chapters.

Something else. The association will only have those rights that the airports decide to delegate. It will, generally speaking, run errands for its founders. This is the most important question: What rights will be delegated to the association?

[VOZDUSHNYY TRANSPORT] Leonid Andreyevich, according to my information you graduated from a management school, and after that you worked as an intern for some Italian firms. Have you incorporated some of the experience you gained abroad into the blueprint for this association?

[Shcheglov] Definitely. Experience is priceless; it would not make much sense to refuse to use it.

[VOZDUSHNYY TRANSPORT] When will the association be officially chartered?

[Shcheglov] I think, before the end of this year. We plan to hold an organizing conference in November or December. I hope our discussion will attract the attention of administrators. We are always ready to answer questions, either in person (my telephone number is 155-51-10), or in writing. More than half of the administrations and airports have already confirmed their participation in the conference, so I think that the association will indeed be born.

Aviation Technology Needs Addressed

914H0071B Moscow VOZDUSHNYY TRANSPORT
in Russian 4 Dec 90 p 2

[Unattributed article: "In the Industry Council's Dossier: The Planes of Tomorrow Will Arrive the Day After Tomorrow"]

[Text] In all the heated debates about the industry's future, amid the drafts of how to reorganize its structure and the choice of ways in which to conduct the economic reform, the problem of equipping Aeroflot with new technology stands on its own. Because no perestroika of structures or of financial relations will bear fruit unless it is based on a solid foundation of modern aviation technology.

Our newspaper has raised the topic of industry modernization more than once. Such aircraft as the Tu-134, An-24, Tu-154, An-12, and Il-62, which now constitute

the bulk of the Aeroflot fleet, are morally and physically obsolete; however, as the long-awaited replacements are being more and more delayed, the service life of the remaining aircraft continues to be extended.

The articles "On the Verge of Supercrash" and, especially "Tomorrow's Yesterday's Planes," have brought a lively response from both readers and specialists. For instance, many letters came in in response to the latter article, written by Prof. S. Belgorodskiy. We have published letters from B. Grubiya, administration chief of the State Committee for Aviation Safety, V. Skrypnik, chief of the Far East Administration, and L. Selyakov, an aviation designer and recipient of the Lenin and State Prizes. The authors were seriously concerned about substantial delays in introducing such long ago promised aircraft as the Il-96, the Tu-204, and the Il-114; they were also concerned with the lack of flight simulation equipment and with certification problems.

However, neither the industry headquarters, nor the State Scientific Research Institute for Civil Aviation, has shown any reaction to the newspaper's publications; thus both the aviators, and the newspaper readers remain uninformed as to the position of the Ministry of Civil Aviation on this problem which is of such great importance for the future of Aeroflot.

Many of those who wrote us letters, are pinning their hopes on the fact that the ministry's new leadership is resolutely changing its mode of operation, and that the creation of the industry's council is the most important step in this direction. It is important, first of all, because among its members are chiefs of the territorial administrations, that is, those who will in the near future utilize the Il-96, Tu-204, Il-114, and other new aircraft. It has always been industry practice that end users have been kept in the dark during almost the entire process of developing a new aircraft, prototype manufacturing, and testing. Being the last link in the chain, they have been forced to accept the end product, that is, already manufactured equipment, which then often turned out to be not quite ready and had to be "fine-tuned" for many years, sometimes with grave consequences, while it was already in use. The end users also had no influence on the producer—the Ministry of Aviation Industry.

It appears that the industry council could take under its control such vitally important issue as deliveries of new technology. Both aviators and passengers have already faced the fact that the promised deadline for the commercial introduction of new aircraft—the fourth quarter of 1990—was not met, and that there is no guarantee that 1991 will be the year when they will finally see the Il-96, Tu-204, and Il-114. The testing is taking an inordinate amount of time, and it is clear that these planes of tomorrow will arrive the day after tomorrow. The natural desire on the part of the manufacturer to deliver them as soon as possible may lead to a dangerous haste that will result in unforeseen consequences.

Are not the changes and simplifications during the testing stage, and the delivery of the planes without simulators and the means for technical training, dangerous?

There is more. There are already rumors that, for instance, the Il-96 may be delivered with equipment that requires a four member crew, instead of the three that has been planned.

It is time to become an equal partner in the dialog with the Ministry of the Aviation Industry, and to firmly insist on our own terms while resisting compromises, for such compromises may be seen as a collusion behind the passengers' back. Up till now the status of a No. Two customer (the military has traditionally been a No. One for the Ministry of the Aviation Industry) has led to a situation in which the monopolist aircraft producer was not able, over the course of several decades, to fulfill a rather uncomplicated request—a new machine for airborne chemical work. Alas, the An-2 turned out to be irreplaceable, and now the plane that was once the pride of Soviet aviation has become its anachronism.

The industry council is up to the task of preventing "raw" technology from being delivered to the end user. There should be no return to the past. This is necessary in the name of Aeroflot's prestige. This is necessary in the name of the passenger.

Aviation Industry Minister on Civil Fleet Future

914H0076A Moscow GRAZHDANSKAYA AVIATSIYA in Russian No 11, Nov 90 pp 2-3, 5

[Article by A. S. Systsov, USSR minister of the aviation industry: "On the Path to a Common Goal"]

[Text] Our sectors—aircraft manufacturing and civil aviation—are linked by many years of fruitful cooperation. There have been many events on the path that we have traveled together that have become key events in the history of technical progress throughout the world. It could not have been otherwise, for in aviation, as one of the most progressive areas of human activity, success is guaranteed only when advanced technical ideas, the most perfected technology—not even of today, but of tomorrow, and the high professional skill of those persons who give the equipment a start in life and operate it go hand in hand.

The entire history of domestic aviation confirms this. The path of Soviet aviation took us from the first impressive flights by the "Ilya Muromets" aircraft, through the struggle throughout the world in the 1920's and 1930's for speed, altitude, and range, through the most difficult trials in the sky during the Great Patriotic War, to the breakthrough into the new era of jets. The Soviet people are rightfully proud of the landmarks on this path. We recall Chkalov's record-breaking flights that astonished and delighted the entire world. And the combat feats of Soviet aces (including a considerable

number of civil aviators), which demonstrated unconditionally our superiority in the air? The Il-14 was put on Aeroflot's routes in the years after the war, and they are still in service to this day. A unique case of technical longevity! Finally, we cannot help but recall the Tu-104, the pioneer in the jet era; the transcontinental Tu-114; the Il-18, the aircraft in widest use at one time; and the unique helicopters and other aircraft which were the latest word in aircraft manufacturing.

Meanwhile, we cannot help but see that there has been a noticeable decline in the pace at which aircraft are developed for Aeroflot. There have been many reasons for this. I will note only a few of them which have directly weakened this important area of the national economy. It is common knowledge that the buildup and development of our space program required that a number of plants and scientific institutions be transferred from the aviation industry to this sector. I am not denying the importance of the space effort, but nevertheless, the withdrawal of production capacities and scientific and technical personnel took place to a considerable degree at the cost of those who were turning out aircraft for civil aviation.

Under conditions of "the cold war" and the arms race that was under way, priority was given to the development of military aviation. Funds for the production of civil aviation equipment were allocated in accordance with the residual principle. We are rightfully proud of the high technical level and excellent combat qualities of our MiG-29, Su-27, and MiG-31 fighters, the Tu-160 strategic missile-armed aircraft, the An-124, An-225, and An-72 military transports, the Mi-26 and Ka-29 helicopters, and other aircraft. But we cannot help but point out that in giving first priority to combat aircraft, it was as though we had moved civil aircraft to the background, to second place. And it surrendered its positions. We have lagged seven to eight years behind Western firms in developing advanced passenger aircraft. Are there ways for us to eliminate this lag quickly? There are, and we see them.

Military aviation has become a powerful means of putting new technologies into use, and it has enabled us to make major breakthroughs in aerodynamics and gas dynamics and in developing new systems. This scientific and technical reserve is being utilized more and more actively by our scientists and production workers in the development of advanced aircraft. Series testing is now under way on a new generation of passenger aircraft, the Il-96-300, Tu-204, and Il-114. They have absorbed an entire range of advanced scientific and technical achievements and are up to the mark of the best models in the world. We see our task as providing for series production of the new-generation aircraft. This will have an effect on many things. The unmet demand for air service now equals 20 to 25 million passengers per year. There are many reasons for this, including the chronic shortage of fuel. The new aircraft will make it possible to sharply reduce this consumption. The Tu-154 which is in operation (with 157 passengers on board), let us say,

consumes 38 grams per passenger-kilometer, the Tu-204 (214 passengers) consumes 19 grams, and our veteran Il-62M (168 passengers) consumes 46 grams, but the Il-96-300 (with 300 passengers) consumes 23 grams. At the same time, the new aircraft are more economical than similar aircraft made by foreign firms.

One of the reasons for the current problems is the condition of the aircraft fleet. It is no secret that the aircraft in civil aviation subunits are quite obsolete. We can look at the fact that they continue to be operated in two ways: we can be delighted by their longevity or we can criticize industry for not replacing them to date.

There is no question that delivering new aircraft to Aeroflot is the basic solution to the problem. But it is quite obvious that we cannot bring about a rapid change by good wishes and appeals alone, no matter what high level they come from. Everyone knows what a complicated and lengthy process it is to reorient production and expand the scale of output (without any substantial infusions of money—there are simply no "spare" funds in the country). I don't think there is any need to demonstrate this. So the main task at this moment is to keep the aircraft fit for operation, and the aviation industry agrees—and should agree—to participate in this to the maximum extent. I think that what is necessary first of all here is mutual understanding, not confrontation, which our politicized society, which is worked up by its problems, is so inclined to resort to now. It is certainly not worth while to accumulate grievances in order to spill them out all at once; we should openly express our mutual claims and discuss ways of resolving them collectively. In this connection, incidentally, I interpreted the invitation to speak for the journal GRAZHDANSKAYA AVIATSIYA very positively. Some time ago a joint session of our ministries' scientific and technical councils was held. Detailed reports on measures to eliminate the lag were delivered and discussed.

We must look for ways together and adopt the basic decisions to improve air passenger service. One of these ways is to significantly improve the utilization of the available fleet. Disruptions in the work, breakdowns, and inefficient use of aircraft are having an appreciable effect on work quality. The average flight time per day of an aircraft in service is five to six hours in Aeroflot. It is eight to ten hours in foreign airlines. If the flight time is increased, the number of aircraft in the fleet will be adequate to cope with the transportation volume assigned. By the way, there is an aphorism in the leading foreign airlines: "There are no obsolete aircraft if they are maintained properly."

Mainline passenger aircraft here and abroad usually operate for a period of 20 to 25 years (30,000 to 50,000 flying hours). So the aircraft in widest use in Aeroflot, the Tu-154, was intended to be used for 25 years (its production was discontinued in 1984). Consequently, it will be flying until the year 2000 or 2010.

The organization of technical and flight operations adopted in Aeroflot needs to be further improved. It is not conducive to the intensified use of each aircraft. Hence the slow restoration of the fleet, its low profitability, and the inadequate introduction of progressive methods of operations and repair. Meanwhile, the proper conditions have not been established in civil aviation subunits to maintain the fleet. All the world's airports now have enough hangars where equipment maintenance and servicing are performed. We must adopt this experience and actively introduce more test benches and automated equipment, build hangars, and improve the skill of workers, technicians, and engineers who maintain the equipment.

The current trend toward a multiple-tier economy assumes the most diverse forms of organizing maintenance and repair: at specialized enterprises, at the major airlines (airports) which have a large aircraft maintenance base, or under contracts—at supplier enterprises. These very forms are suggested by operation under the conditions of cost accounting and self-financing. All this will make it possible to intensify use of the technical facilities. And a more efficient organization of the entire system is needed, of course. Aircraft in good working order are now idle 30 percent of the calendar time. A great deal of time is being spent on routine and scheduled maintenance of the fleet. Our ministries must resolve these problems.

Plants of the Ministry of the Aviation Industry are now providing significant assistance to Ministry of Civil Aviation enterprises in repairing aviation equipment. We also see our task as eliminating the shortage of spare parts and engines. Many aircraft are standing idle because of the critical shortage of engines. We are taking steps to resolve the problem of improving major engine overhauls at the aviation industry's plants. Hundreds of motionless engines and their assemblies are being accumulated there. This is the reality, but it is probably not hard to figure out if it is taken into account that not one new aircraft engine manufacturing plant was built in the entire postwar period.

Aeroflot's desire to reequip its fleet with more up-to-date airplanes and helicopters is understandable, of course. But it needs to be stressed that deliberate relationships of partners who understand each other are required here as well. Businesslike cooperation in determining the parameters of future aircraft, interested scientific accompaniment of developments, and collegial solution of the questions that arise—these are the rails that will enable us to move forward quickly. The opinion exists that the problem of passenger service can be resolved by developing aircraft with substantially higher fuel efficiency (two or three times as much). It would be incorrect to deny this, but we cannot agree completely, either. World experience shows that the determining indicator of the promise and economy of aircraft is the cost of their operation, of which the cost of fuel makes up about 10 percent. A program has been worked out jointly by the Ministry of the Aviation Industry and the Ministry of

Civil Aviation on the development of civil aircraft up to the year 2000. It provides for the development of over 30 types of aircraft and joint scientific research work to substantially reduce the expenditures and time to maintain the prospective aircraft.

The scientific and technical work that has been started is the basis for each new development. The scientists in civil aviation have this same work. They are taking an active part in developing aviation equipment when technical specifications are worked out, when mockups of new aircraft are evaluated, and when conclusions are prepared on drafts and technical plans. The employees of territorial civil aviation administrations who have the most experience in operating aviation equipment need to be involved in the new developments.

In the near future, a new generation of passenger aircraft which are on a level with similar foreign types will be put into operation: the Il-96-300, Tu-204, and Il-114. Work is under way on the promising Mi-38, Ka-126, and V-62 helicopters and more efficient aircraft engines. The development of other aviation equipment is also planned, such as a short-range mainline aircraft, a long-range mainline aircraft with medium passenger capacity (to replace the Il-62M), an airplane and a helicopter which operate on an alternative fuel, and cargo and other aircraft for the national economy. Long-range mainline aircraft capable of carrying a large number of passengers in supersonic flight, as well as different types of aircraft to serve local air routes, will also be needed. So-called general aviation airplanes and helicopters for private use will also be required. The extent to which they all will be provided with electronic equipment will vary, but it is certain to be better than what exists now; the equipment will make it possible to significantly reduce the mass of an aircraft and improve convenience in its maintenance and operation.

The Il-96-300 will appear on air routes in 1991. But preliminary studies are already under way on a version of this aircraft with increased takeoff mass, large passenger capacity (up to 350 to 400) and a range of up to 11,000 kilometers. The idea of extending the fuselage of the Tu-204 to increase passenger capacity is also being studied. At the same time, plans to reduce passenger capacity (to 180) and increase the takeoff mass are also being examined; this will make it possible to operate a modified Tu-204 over relatively short distances as well.

The idea of developing a supersonic passenger aircraft will be practically materialized. A version of the Tu-144, which was prepared for testing in 1982, had a number of advanced technical solutions which have been developed further. At present, the OKB [Experimental Design Bureau] imeni P. O. Sukhoi is designing a supersonic aircraft to accommodate 10 to 12 persons in collaboration with the American Gulfstream Aerospace firm. The designers of this OKB are planning to realize one more important concept—development of a small aircraft which can remain aloft for 14 hours.

However, let us return to this day, the realities of which are determined to a greater extent by the production potential than the scientific potential. It should be pointed out that the opportunities for increasing the output of advanced aircraft at aviation plants have been expanded somewhat now. We have new technical concepts, advanced industrial technologies, and certain production capacities at our disposal. The conversion of the aviation industry that has begun is opening up favorable prospects. The production of civil aviation equipment and maintaining the specialization of our plants and skilled aircraft manufacturing personnel should have priority in the conversion.

Foreign firms' assessments of our best aircraft, both military and passenger aircraft, as well as the prospective aircraft engines, are quite high. The Ministry of the Aviation Industry is taking the international market requirements into account when it turns out aviation equipment (the main types of airplanes and helicopters are being produced in an export version as well). We already have a sufficient number of orders and high demand for the Ka-32 and Ka-126 helicopters and the An-124 airplane. At the aerospace technology show in Hannover (the FRG), considerable interest was shown in the Il-96-300 and Tu-204, as well as the Il-76LL and Tu-155 laboratory aircraft, in which the prospective types of engines are being developed. In their specific features, these aircraft are at the current level of aircraft manufacturing in the world. Generally speaking, it should be stated that at the international aircraft exhibitions in which the Soviet Union takes part, the Soviet entries invariably attract increased interest.

However, meeting the domestic market's requirements for aviation equipment is what is most important for us. In order to meet the national economy's needs for helicopters, it would be expedient to examine the possibility of reequipping some of the military helicopters for the national economy, along with increasing the production of new ones.

Our engine builders can make a large contribution to the national economy. A search is under way for the means to enable us to increase engines' service life, so that they can operate for no less than 20 years, including after their guaranteed service life in the air has expired. Work is under way to increase engines' power, which would make it possible to reduce their mass and number on aircraft. These efforts are bringing forth new technical solutions which, with full substantiation, could become a kind of additional output for the common needs of the entire national economy. Financing must be provided for operations to introduce the achievements of engine manufacturing in the national economy.

As before, providing for flight safety is a key problem for the aviation industry, as well as for civil aviators. What is the state of affairs in this area? Through our common efforts we have managed to improve flight safety on scheduled air routes. We are on a par with the best results in the world with respect to this indicator, moving

ahead of the United States and the international aviation community as a whole in 1989. I will cite several figures. The coefficient for the number of air accidents per 100,000 hours of flight time involving aircraft on scheduled passenger flights in our country was 0.138 in 1986, but it dropped to 0.027 in 1989. This indicator was 0.041 in the United States and 0.087 for ICAO [International Civil Aviation Organization] member countries last year.

I realize that we cannot relax our attention to this complex problem by any means. Each disaster is a heartache for people. These are lives that are lost. We are now working out and introducing measures to improve the ways and means of training cockpit personnel and engineering and technical personnel. Our task is to improve the simulator equipment and the classes and test benches. A number of steps are being taken to improve the reliability of engines and all equipment and to introduce the most up-to-date instruments.

Steps are being taken to ensure that the new-generation aircraft are turned out in a large series. The enterprises that will manufacture them have been assigned. The Voronezh Aircraft Plant has already begun putting the Il-96-300 into production. The Ulyanovsk Production Association will begin series production of the Tu-204, the Tu-334 will be manufactured in Kiev, and the Tashkent Production Association imeni V. P. Chkalov has already begun assembling the first Il-114 fuselages.

Work on these aircraft is being conducted in various stages at present. On the whole, the testing of two Il-96-300 prototypes is proceeding routinely; one of them has already accumulated over 400 hours of flight time. Despite certain problems (mainly with the deliveries of on-board equipment), the airliner's developers believe that an airworthiness certificate will be obtained for the aircraft at the beginning of next year.

The Tu-204 test aircraft has flown over 250 hours. The tests have been basically satisfactory. The result expected has been achieved: the fuel consumption indicator is two times better than for Aeroflot as a whole. The managers of the noted Rolls-Royce firm have been devoting their attention to this aircraft. They suggested that the work be conducted jointly: the aircraft are ours and the engines are foreign. Preparations have begun on the short-range mainline Tu-334, to carry 104 passengers, which is based on the Tu-204. In addition, a 180-seat long-range aircraft capable of flying nonstop for 11,000 kilometers is being developed on the same basis.

We are accustomed to the long air routes in our country, but the short ones are no less important. Aeroflot will begin receiving the Il-114 to replace the An-24 on these routes in 1992. The aircraft is now undergoing flight tests. It can carry 60 to 64 passengers for distances of up to 1,000 kilometers. Features of the new Ilyushin include

low fuel consumption (18.5 grams per passenger-kilometer), a high level of comfort, good conditions for the pilots, and ability to land on both concrete and unpaved runways.

Unquestionably the Tu-155, which operates on liquefied natural gas, will be promising as well. Under conditions in which the struggle for the ecology and clean air is becoming crucial, this factor is especially important.

So the aviation industry has advanced types of passenger aircraft which will begin arriving in two or three years to update and replenish Aeroflot's fleet of aircraft. But the production of certain types is being held up by the lack of engines. However, our designers are capable of developing very good and reliable models. One of them is the PS-90A, made by the Perm Engine Building Design Bureau for the new family of Tupolev and Ilyushin aircraft. Soviet and foreign specialists are interested in the promising features of the D-18T engine, which generates thrust of 23.5 tons, developed by the Zaporozhye Engine Building Design Bureau. The An-124 "Ruslan" and the An-225 "Mriya" have been equipped with it. The power plants on the MiG-29 and Su-27 fighters have become famous. Research is under way on an engine for prospective supersonic passenger aircraft, as well as for flights on the edge of space at 4.5 times the speed of sound. Incidentally, they will make it possible in the not too distant future to build an air-and-space passenger aircraft, combining the qualities of a normal airliner and the spaceship "Buran."

The scientific work in progress enables us to look to the future with some optimism. But here is the industrial base... Production's lag behind science has become typical for our sector as it has for the country's entire national economy, however. The fact that our plants are not meeting their contractual commitments to Aeroflot and that airplanes and helicopters without engines are standing idle is our common misfortune. For this reason, it is hard to make any predictions about improvement in the situation over a year or two or a five-year plan. However, we still have confidence that the decisive steps that have been taken will enable us to deliver roughly twice as many (or even a little more) new airplanes and helicopters to Aeroflot over the next five years. As an emergency measure, there will be a sharp increase in deliveries of the Tu-154M, which has the best economic features in its class. Industrial familiarization is not required to expand the scale of production, as with the Tu-204, let us say. "Opening up" the bottleneck by delivering aircraft engines will make it possible to renovate production with new, highly productive equipment. But we need foreign exchange for this. And we must earn it.

The criticism that has become frequent lately that both the Ministry of the Aviation Industry and Aeroflot are monopolies is not without foundation, it must be said. As far as we are concerned, we are not opposed to competition. However, it can appear only when we have both independent airlines and manufacturers competing

with each other. There should be domestic markets for sales and air service. Foreign firms and airlines may be represented in them. At the Ministry of the Aviation Industry, we have already begun to work out the transitional forms for developing aviation equipment in alternative and competitive ways. It seems expedient to have aviation equipment sold in the framework of direct contracts with industrial enterprises and associations over the entire life cycle of an airplane or helicopter. The price should be really contractual and take into account the distribution of assumed profit in accordance with the investment of resources by the sides. If the price for a consignment of one aircraft or another comes out of the profit which these aircraft earn over their entire period of service, neither the manufacturer or the operator will allow the aircraft to be idle unnecessarily; they will fight for every client and every passenger by developing as many services and conveniences as possible. And this, in fact, is also the principal task of aviation as a sector of the national economy. Our task in the current stage is to put into use the achievements of science, technology, advanced production experience, and professional skill in order to meet the demands for different forms of aviation service to the maximum extent possible.

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Yak-58 Aircraft Profiled

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[Article by Yu. Yankevich, chief designer, OKB [Experimental Design Bureau] imeni A. S. Yakovlev: "The Yak-58 'Executive' Aircraft"]

[Text] I would like to work up to this a little. "Conversion," a concept introduced by the processes of perestroika, has now become one of our most popular words. But our collective believes that since the very beginning of our more than 60 years of history we have been working and continue to work in a spirit of conversion that is most sensible and efficient. The kind of conversion in which vast scientific and technical potential switches from the solution of military problems not to "virgin development" of completely unnatural machinery and equipment (for the agricultural industry, for example), but to the development of new aircraft for the national economy. This tradition was built in by the founder of the OKB, General Designer A. S. Yakovlev. It is being continued successfully now under the leadership of Aleksandr Aleksandrovich Levinskikh.

What is especially typical of work in the postwar period? More than half of our scientific and technical output is related to aircraft intended for the performance of national economic tasks. It is sufficient to name aircraft such as the Yak-40 and Yak-42 passenger aircraft and the entire family of Yak-18 modifications—from the Yak-18A and Yak-18U trainers and the Yak-18PM and Yak-18PS aerobatic aircraft to the light multipurpose Yak-18T (air taxi and trainer). The "aerobatic" Yak-18,

Yak-50, and Yak-55 have brought sportsmen assembled by the USSR 69 gold medals in world and European championship performances. More than 1,500 Yak-52 two-seat trainers built at a series plant in Romania are serving as "flying school desks" for young persons who receive their pass to the sky in DOSAAF clubs. Development of the Yak-40 became a brilliant page—the country's first jet passenger aircraft for local air routes. Also for the first time, it was certified under Western airworthiness standards and won the "legal right" to fly in the airspace of the FRG and Italy.

The Yak-42—Aeroflot's most economical and profitable aircraft—has now carried over 25 million passengers.

All this vast experience and knowledge acquired over the years of work on peaceful production is becoming especially valuable now. The significant reductions in military expenditures which are an integral part of the policy of perestroika and the shift to the new economic conditions (cost accounting and cost recovery) require that an enterprise switch over to profitable production.

In addition, we need to look in a new way at the system of air transportation which now exists. It is common knowledge that Aeroflot is experiencing certain problems in meeting the demand for air service both in the country and abroad. It is often impossible to obtain a ticket for a flight that is planned; business trips have to be planned on the basis of whether it is really possible to depart, not on the basis of necessity. The underdeveloped network of local air routes does not make it possible to meet the potential demand for air service within the country's economic regions.

One of the possible solutions to the problem of business trips could be the establishment in the main economic regions of aviation enterprises oriented toward small groups or even individual passengers—under the air taxi principle. Such aviation enterprises could be equipped with light "executive" aircraft of different range which seat a small number of persons. Incidentally, aircraft of this class, which are designed for day-to-day flights by small groups of managers and specialists, are in wide use in other countries, and hundreds are being turned out in France, Britain, Italy, the United States, and other countries. These aircraft are leased or hired extensively as well. At the same time, the variety offered is quite large: from jet aircraft with a "deluxe" cabin for 6 to 12 passengers and a range of 4,000 to 6,000 kilometers to aircraft with piston engines and a range of up to 1,500 kilometers which seat 4 to 6 passengers.

A survey conducted by the OKB imeni A. S. Yakovlev at its initiative of the potential demand for air service in all union republics showed that there is a definite demand for the development of a fleet of "executive" aircraft for 6 to 10 passengers. And the most demand (up to 96 percent), according to the survey data, is for flights within a range of up to 1,000 kilometers. The need for flights over distances of up to 4,000 or 4,500 kilometers exists only among 4 percent of the clients. However, the

data for individual regions may vary quite substantially from the average for the country. Thus, in Georgia and Uzbekistan the demand for flights over longer distances increases to 27 to 28 percent. It is also necessary to take into account that the survey was conducted only among state enterprises and institutions—factories, combines, associations, ministries, and departments. The demand from cooperative enterprises and organizations, as well as private individuals, was not taken into account. They may increase the overall demand.

Analysis of the survey results shows that it is enough to have two types of aircraft to completely meet the demand practically: a jet aircraft seating 6 to 10 passengers with a range of 4,000 to 4,500 kilometers and a piston-engine aircraft seating four to six with a range of up to 1,000 kilometers. However, there is demand as well for a four-place piston engine aircraft with a range of up to 500 kilometers.

In accordance with the results of the analysis, the OKB has begun the development of aircraft such as these. Their basic specifications are provided in the table.

Basic Features of "Executive" Aircraft

Feature	Unit of Measurement	Yak-48	Yak-58	Yak-112
Number of seats	—	6 to 10 ¹	6 ²	4 ²
Takeoff mass	kilograms	11,000	2,080	1,050
Payload	kilograms	750 or 2,200 ³	450	220
Type of engine	—	TRDD [bypass turbojet]	PD M-14P	PD [piston engine]
Engine thrust	kilograms (horsepower)	1,850	360	150
Number of engines	—	2	1	1
Cruising speed	kilometers per hour	830	230	150
Range	kilometers	4,500	1,000	500
Takeoff distance	meters	1,700	600	400
Runway surface	—	concrete	unpaved	unpaved
Approximate cost per hour of flight	rubles	350	45	30
Certification time proposed	year	1994	1992	1993

Footnotes: 1—Depending on passenger seat spacing (cabin class); 2—including the pilot; 3—cargo version.

The Yak-58 will be discussed in detail in this article. First of all, because the survey results indicate that this is precisely the aircraft needed in the national economy most of all. Secondly, because it has the most realistic chances of the three aircraft to begin operating in the national economy. After all, the specialists are well aware that the time from development of any aircraft to the time it is put into operation is determined most often by the times required for testing of the engine and the complex of on-board equipment. But the Yak-58 uses the M-14P engine, which is in series production in our country, and it also has a series complex of on-board equipment. Although the installation of another engine and a more advanced equipment complex in the future is not being ruled out by any means, of course, but this is in accordance with the wishes of clients in our country and abroad as well.

The Yak-58 is designed for carrying passengers and light cargo; for pilot instruction and training; for patrolling forests, gas and oil pipelines, and power transmission lines; for surveying fishery reserves in coastal areas; for accurate application of fertilizers on small fields; for conducting ecological surveys of the biosphere; and for geological prospecting and aerial photography of a locality. The low cost and ease of making modifications

will make it possible to utilize it profitably in different sectors of the national economy, as well as for commercial purposes.

It will be possible to transport the Yak-58 with its wings and tail section removed in a cradle on a truck or on a railroad flatcar.

Configuration of the Aircraft

The Yak-58 has a twin-boom configuration with a low wing, retractable tricycle landing gear, an air-cooled engine, and a pusher propeller. The layout of the cabin provides for comfort in the six-place version, it is modern in design, and the aircraft can be turned into a medical, training, and cargo version.

There are four chairs and a sofa in the cabin for the passengers and crew. Between the sofa and the rear bulkhead there is a baggage compartment 1,000 liters in volume; access to it is provided by folding down the back of the sofa. The basic version of the aircraft provides for one pilot position, but it may be equipped for two pilots if necessary. Passengers enter and exit and cargo is dropped through a sliding door on the right side in the fuselage center section. A door for the crew is on the left side.

The wing is moderately long with a continuous chord and profile, with a thickness ratio of 16 percent over the span and a geometric twist of minus 2 degrees. The tips make it possible to improve the airflow on the wingtips and increase the maximum available lift-to-drag ratio. In order to reduce takeoff and landing speeds, the aircraft is equipped with three-position flaps with external brackets which enable them to be moved out up to 80 percent of the chord. It is planned to install fixed slats over the entire wingspan.

The twin-fin tail provides the necessary degree of directional stability and increases the efficiency of the tailplane.

Positioning the center of gravity farther forward on the Yak-58 (12 to 17 percent of the mean aerodynamic chord) will make it possible to reduce the reciprocal effect of the pusher propeller and tailplane in the longitudinal control channel. The use of a pusher propeller of greater diameter (compared with a tractor propeller) compensates for possible detrimental interference with the fuselage.

The Power Plant

The Yak-58 engine will have a three-bladed, automatic variable-pitch pusher propeller. The four-cycle M-14P is an air-cooled, nine-cylinder, single-row radial gasoline engine with carburetor mixing. In its specific indicators, compactness, construction, reliability, and extent of equipment with the assemblies needed to ensure normal operation of the power plant and systems of the aircraft, this engine is one of the best of the current low-power aircraft piston engines. Its different modifications are being operated on practically all sports and training aircraft with piston engines made in the country in recent decades.

The basic fuel for the engine is B-91/115 gasoline, or the substitutes, B-95/130 and B-100/130 gasoline. The engine also operates with fuels in the United States, Britain, France, and Canada.

Structural Details

The fuselage of the aircraft is all-metal semimonocoque in construction. The structural and load-bearing layout consists of a transversal framework of rings, a longitudinal framework of stringers and spars, and the skin.

The rings, which absorb the concentrated loads from the engine, the wing, the landing gear and the cargoes, are heavy-duty.

A center section is built into the fuselage with outboard wing attachment points.

The wing of the aircraft is two-spar and all-metal in construction, with a framework of detachable ribs and stringers. It is attached to the center section at points on the spars.

The fuel tanks are located in the wing root.

The ailerons and flaps in the single-spar arrangement are attached on brackets to the rear wing spar. Installation of slats is planned over the full wingspan.

The wingtip is made of fiber glass.

The tail is P-shaped and consists of two fins and rudders and tail booms.

The tailplane is connected with the fins and the tail booms are connected to the wings with detachable bolt couplings.

The tailplane is rectangular and all-metal. It has a longitudinal frame of a spar and stringers and a transversal frame of ribs, stressed skin, and there are fiber glass fairings for the joints with the fins.

The elevator is attached to the tailplane with hinge brackets and is similar in construction to the ailerons.

Construction of the fins and rudders are similar to that of the tailplane and elevator.

The cabin has seating for six and is pressurized; it is enclosed by a forward bulkhead, ceiling, floor, and aft bulkhead, with a firewall and acoustical protection, doors, and windows. The passengers and crew are accommodated in three rows, two persons in each. The cabin is ventilated with outside air.

The dimensions of the cabin, the shape of the windows, the design of the seats, the opportunity to adjust the pedals to the pilot's height, the layout of the instrument panel, and the ventilation and heating of the cabin provide comfortable conditions for the crew and passengers in flight.

The cabin windows are made of plexiglas, fastened in the fuselage structure with clamped plates and screws.

The doors are made of metal, with shaped plexiglas.

For emergency escape from the aircraft on the ground and in the training version in the air, the doors have a mechanism for releasing locks in the closed position and opening the hinges. When this mechanism is put in operation, the doors are easily separated from the fuselage and jettisoned.

The comfortable chairs and two-place sofa also provide the comfort needed for the crew and passengers. The backs of the seats can be tilted from 15 to 30 degrees. The seatbelts are smoothly adjusted for length and are fastened to points in the fuselage. The pilot's seat is adjustable for his height.

The landing gear absorbs the dynamic loads in landing, rollout, the takeoff run, and taxiing, and provides for steering control on the ground. The landing gear, a tricycle arrangement with a self-centering nosewheel, is retracted in flight.

All landing gear components have a strut with a liquid and gas shock absorber and a cylinder for retracting and

extending the breaker strut and wheel. The wheels have low-pressure tires which enable the aircraft to operate from unpaved airfields. The main landing gear wheels are equipped with pneumatic brakes.

The Basic Systems

Radio equipment and instrumentation. The equipment installed on the Yak-58 will enable it to operate under visual flight rule conditions from areas that have been basically prepared. When airports have the appropriate equipment, it can operate at any time of the year or day under minimums of 100 and 1,000 meters.

Its standard equipment includes a UKV [VHF] radio, a radio compass, flight instruments, engine control instruments, a fuel gauge, a cabin heating system, a backup magnetic compass, cabin lighting, and position lights. It has supplemental equipment in addition: an autopilot, a radio altimeter, and a KV [high-frequency] radio.

Electronic units and instruments are in the nose section of the fuselage, on the instrument panel, and under the pilot's seats and have convenient access for their operation.

Work is now being conducted to develop a miniature integrated complex of on-board equipment using a microcomputer and a liquid-crystal complex display. When this complex is received from industry it will be installed in the aircraft.

Control of the aircraft is manual and unpowered. The control circuit is combined, utilizing rods and cables.

The control wheel is positioned in front of the pilot. The wheel's shaft passes through the instrument panel. When the wheel is pulled back, the elevator is deflected, providing for control of the pitch channel. When the wheel is turned to one side or the other, the two ailerons on the outboard wing are deflected, providing for control of the roll channel. Two pedals for the foot controls are on the floor in front of the pilot's seat. When they are depressed or released, the rudders are deflected, providing for control of the yaw channel.

Brakes on the main landing gear wheels are controlled by depressing the switches located on the foot pedals.

Two flaps installed on the wing's trailing edge are deflected by an actuation cylinder. The flaps have a takeoff and landing setting, providing for the best possible takeoff and landing conditions.

The oil system is designed to lubricate and cool the engine parts subject to friction, as well as to supply oil for the pump of the engine speed governor and to provide oil for the propeller cylinder.

Lubrication is provided by MK-22 or MS-20S oil (GOST [All-Union State Standard] 1013-49).

The oil system includes a pump, a tank with a capacity of about 30 liters, a filter, a heat exchanger, piping, and oil

pressure and temperature pickups and indicators. The vent is equipped with a separator tank to separate the oil foam from the air going into the atmosphere. A device is connected to the oil system for diluting the oil with gasoline with a solenoid electric valve.

Circulation of the oil is forced. It is provided by a two-stage geared pump driven from the engine shaft. The oil tank for supplying oil to the engine is equipped with a rotating intake when there are zero and negative load factors.

The fuel system holds the supply of fuel necessary and provides the engine with fuel in all modes of operation on the ground and in flight.

The fuel is located in two main wing torsion-box tanks with a capacity of 205 liters each and a small 5-liter consumption tank. The total capacity of the fuel system is 415 liters and the total mass of a full fuel supply is 300 kilograms.

In order to ensure that the engine is supplied with fuel when there are negative and zero load factors in effect up to five seconds, the small consumption tank is equipped with a flexible hose.

The tanks are filled through two filler openings in the main tanks. The small consumption tank is filled through the main tanks.

The fuel supply in the main tanks is measured by a separate electrical fuel gauge. This fuel gauge provides a warning on the fuel reserve in the tanks.

The small consumption tank located in the lower section of the cabin is enclosed in a sealed casing which is vented into the atmosphere to prevent the danger of a fire.

The heating and ventilation system is designed to maintain the necessary air temperature in the cabin and for defrosting the windows. Heating and ventilation of the cabin is performed separately.

The cabin heating system consists of two air intakes, two air heaters, an overlapping flap, and air ducts, which take the air into the cabin. The two air intakes are installed symmetrically on the engine cowling. The air is fed through the air intakes to the two heaters installed on the engine exhaust manifolds.

Part of the heated air coming into the cabin is fed through an air duct to a header for defrosting the cabin windshield.

When the outside temperatures are extremely low, additional heating is provided for the cabin by an electric heater with a fan.

Ventilation of the cabin will be provided by adjustable air intakes installed in the upper part of the cabin. The crew and passengers will be able to regulate the amount

of air entering for ventilation. When completely retracted, the air intakes do not project beyond the cabin profile.

The pneumatic system is designed to start the engine, to retract and extend the landing gear and flaps, and to control the brakes. Dry compressed air with a charged pressure of 50 plus or minus 5 kilograms-force per square centimeter is the working medium in it.

The pneumatic system is divided into main and backup systems which are blocked from each other by no-return valves. Both systems are supplied by pressure cylinders (one in each). The cylinders are charged on the ground from an airport pressure source through an on-board charging point. The pneumatic system is recharged in flight from a compressor mounted on the engine.

The engine is started with a button through an electropneumatic valve.

The landing gear and flaps are retracted and extended from the main pneumatic system by the appropriate valves. Emergency landing gear extension when the main pneumatic system fails is provided from the backup system by the emergency extension valve.

The brakes are controlled from the main pneumatic system through a pressure-reducing valve and a differential, which provides for separate braking of the main gear wheels to turn the aircraft. When the main pneumatic system fails, the wheels are braked through the pressure-reducing valve of the backup system. The brake lines of the backup system are self-contained.

In conclusion, I want to say that our collective's criteria in developing the Yak-58, Yak-112, and Yak-48 remain the same as before: high performance, high economy, and high comfort.

I think that our experience, knowledge, and desire and today's pressing demand will help us, together with our old and tried partners—working in accordance with the new principles of economic organization—to successfully develop a new family of aircraft with the "Yak" brand.

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'Znamya Truda' Plant To Convert MiG-29 Production to Il-114

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[Article by IZVESTIYA Special Correspondent B. Belikov: "Airliners Instead of Fighter Aircraft: Moscow's 'Znamya Truda' Aircraft Plant Transitions from Manufacturing the MiG-29 to Production of the Il-114"]

[Text] During early spring 1989, IZVESTIYA (No 63) was the first to report that the capital's oldest aircraft manufacturing enterprise—the 'Znamya Truda' Plant—is manufacturing the Mig-29 fighter aircraft that has

received recognition throughout the world as an excellent combat aircraft. Right now preparations have begun here to produce the Il-114 64-seat local airline turbo fan airliner and its variants.

Experimental Design Bureau imeni Ilyushin Deputy General Designer V. Terentyev:

"With this plant we are not only neighbors territorially but we are also linked by many years of cooperation in aircraft production—from the Il-2 to the mass passenger Il-18 whose first models incidentally were called 'Moskva.' With the increased dimensions of the aircraft we design, other locations have also become involved in their series production. So the same thing initially occurred with the Il-114—Tashkent Aircraft Plant set up series production jointly with its branch in Fergana.

"Judging by everything, the airliner will become one of our most widely used civil aviation aircraft and will have good export demand. I will add that five other utilization versions of the Il-114 have been developed based on the basic model—with a large number of seats in the cabin, increased flight range, cargo and passenger capacity, skis for the polar regions, and an ice and ocean fish reconnaissance aircraft. Altogether "circulation" may reach 1,000 aircraft and we are faced with a minimum of 15-20 years work."

Aircraft Association General Director A. Manuyev:

"We will still continue to manufacture the MiG-29 for two more years for export deliveries while simultaneously preparing the facility for Il-114 production. It requires a transition to a qualitatively different technology. A fundamentally new engine is being utilized that is being produced by the capital's Production Association imeni Chernyshev. The Il-114 may be equipped with similar foreign produced engines for sale abroad.

"Our experts just visited Tashkent Aircraft Plant where they became acquainted with all of the airliner's production stages. The trip also turned out to be very useful because it permitted us to really imagine the amount of expenditures required to reequip production. The fund allocated from the State Budget turns out to be inadequate—we will have to ask for bank credit in order to rapidly conduct the required re-equipment."

"Will you not have difficulties with personnel for parallel production of the MiG-29 and to set up production of the new airliner?"

"That is a painful issue! Conversion is obviously lagging behind—three years ago we had already proposed authorizing initiation of preparations for manufacturing the Il-114 while taking into account that the Uzbek aircraft builders alone could not deal with the enormous production volume. Well-known events subsequently occurred in Fergana after which many highly skilled workers, technicians, and engineers who are not members of the native population left this city. The Il-114 program is on the verge of collapse....

"Unfortunately, time has been wasted and now we must make up for lost time. Because of the uncertainty that has arisen with the 'Znamya Truda' Plant workload, permanent workers have begun to leave. So that these losses do not turn out to be irreversible, we have in part managed to hire people for production of machinery and equipment for the food and processing industry."

"Foton" Joint Venture has also been founded and has begun production of the small engine (64 horsepower) Yunior [Junior] Mini-Biplane which was designed by MAI [Moscow Aviation Institute imeni Sergo Ordzhonikidze] Public Design Bureau. They propose producing up to 500 of these small patrol aircraft for GAI [State Automobile Inspection], the timber industry, and pipeline surveillance. Each aircraft will cost nearly R30,000 or \$15,000.

Then, at the end of 1992, the first series production Il-114's will leave the 'Znamya Truda' Plant assembly shop and climb into the sky.

Roundtable on Work of Leading Aviation Institute

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[Roundtable discussion at GosNII GA [State Civil Aviation Scientific Research Institute] with the participation of Vitaliy Andrianovich Goryachev, chief of the GosNII GA and doctor of technical sciences; Viktor Vasilyevich Kirin, deputy chief of the GosNII GA and candidate of technical sciences; Vladimir Ivanovich Smeshko, chief engineer of the Scientific Research Center; Vladimir Ivanovich Maslov, chief specialist; Skald Lvovich Shapovalov, chief of a department and doctor of medical sciences; Oleg Konstantinovich Trunov, lead scientific associate and candidate of technical sciences; Stanislav Yuryevich Zverev, chief of a sector; Vadim Konstantinovich Kalinovskiy, deputy chief of the institute; Mikhail Semenovitch Lopatinskiy, chief of a department and candidate of technical sciences; Boris Yefimovich Luzhanskiy, scientific secretary and doctor of technical sciences; and GRAZHDANSKAYA AVIATSIYA visiting editors V. Goltsov, I. Kazanskiy, and B. Orlov: "Science and the Market"]

[Text] V.A. Goryachev: Our institute has been operating under cost accounting conditions for two and one half years. What has cost accounting brought us? First of all, a direct and practical link between incentive for scientists and the results of their work. I can cite just one figure: the number of scientific studies was doubled by the end of last year. Naturally, the average salary of the institute's associates increased right away.

An important quality of cost accounting, reinforcement of ties between the institute and aviation enterprises, was also developed. While there were either hardly any direct ties or they made up two to three percent of the institute's overall work volume in 1987, today they make up more than half of the volume. But this means that the periods of time for putting developments into use are

being shortened considerably and the urgency of the developments is increasing. Why? The answer is simple: the manager knows what he needs, and when he receives what he wants, he puts it into use right away.

It is very important that cost accounting brought with it more democratic forms of participation by the collective in determining the strategy and tactics of scientific work. The experience of the institute's labor collective council has demonstrated that it is in a position not only to evaluate the economic activity of management objectively and skillfully, but to adopt considered decisions. It is as if the council concentrates the interests of the entire collective. Consequently, cost accounting's task of raising the masses to a collective level has also been resolved.

Of course, cost accounting has also brought to light the tasks that are difficult to perform and the serious problems. The lack of methods to evaluate the quality of scientific work is one of the main ones. We resigned ourselves to this before—there was no critical need. But now it is not enough to measure the volume of work; we need an internal system to guarantee its quality and practical application. We are only approaching this system. But the lack of it is leading to the point that a "mountain" of poor-quality scientific output is still being produced. True, if we are speaking about small developments in accordance with direct contracts, their rapid introduction itself will provide an assessment of the quality. But if work on a sectorial scale (concepts of development, let us say) is being carried out, the results will become apparent only after a long period of time. So we need to have a clear-cut system of guarantees in this case.

A consequence of this problem is the lack of criteria to assess the contract cost of developments. How do we compute it? There are two approaches. The first one is when the contract price depends on the gain which the customer receives after realization. It is logical. The old tactic which is still customary is based on assessment of the labor inputs of those performing the work in some coefficients or norms of profit. These systems contradict one another. The ministry leadership basically adheres to the old principle. But we make arrangements with customers in the new way, as a rule.

Here is one small example—extension of the overhaul period for an aircraft that is waiting its turn for repair. There were about 45 such contracts for 1989. The overall gain, calculated by the enterprises themselves, was roughly 19.5 million rubles. The cost of all the studies was 550,000 to 580,000 rubles. That is, our profit was about three percent, but we share another half with industry. Is that a great deal or not—1.5 percent of the profit? We calculate "fairly." But the ministry says it is a great deal, and the price is too high. Obviously, there should be some golden mean in this disputed matter.

A few words about monopolism in science. This word is often encountered in the press and at different conferences. Our institute is being accused of monopolism. There are two factors present here. The institute has had the functions of state control from time immemorial. Coordinating some documents or drawing up the findings on one sectorial problem or another. In principle, these are not the prerogative of science. And we can relinquish them, although there is no organization at present which could replace us. The second factor is the availability of experience, knowledge, and technical equipment which make it possible for us to do what no one else can. I believe that such "monopolism" should be consolidated and developed.

Experience in working under cost accounting will be extremely valuable later on, in the transition to market relationships. However, when you begin thinking how to make science highly efficient under these conditions, you come to the conclusion that we must understand first of all what is most important in our work. In my view, it is studying the demand and reacting quickly and flexibly to a change in it. We reasoned this way before: if there are numerous problems, there are many more than we have the power to resolve. And there were no competitors! Consequently, we were provided with work for many years ahead. But now the competitors who can intercept the orders are showing up, and the organization supplying the problems (the ministry) is fundamentally changing its functions. So it turns out that the aviation enterprises are our main potential customer.

We cannot say that we are prepared to study demand today. Though we do have a composite department which concerns itself with activity similar to marketing. But there is no experience and skill in this work yet, and there are no qualified people. We should have complete and regular information on the activity of all units in civil aviation, and we have set the task of developing a system to collect and study such information for this reason. Advanced computers are the technical basis. Owing to economic independence, we have managed to lay in a stock of computer hardware for two million.

The second task is to respond quickly. We must see that information reaches all the institute's subunits promptly and that the situation is analyzed and solutions are suggested without delay. Time dictates: "We must solve it quickly!" Unfortunately, we have become accustomed to lengthy discussions and waiting for approval by the scientific and technical council. But the train is departing...

This is a fundamentally important question: where do we obtain the specialists, where do we train the scientist who is able when necessary to switch to a new direction without lengthy familiarization and assimilation? The very structure of the institute is impeding this right now—it is complex and inflexible. And of course, we need scientific work that has already been done and long-range studies which will form the basis for effective

work. These are the principal conditions which must be established on the threshold of the transition to market relationships.

Editorial staff: If we understood you correctly, direct contracts with customers will become basic. What about sectorial orders and ministerial plans?

V.A. Goryachev: There is no ministerial plan as such. Comprehensive programs are now being shaped in separate and the most important directions. The GosNII GA henceforth will be responsible for two directions: the status of the fleet of aircraft and maintenance of their airworthiness, and the economic aspects of the sector's development in a unified transportation system. The questions of flight safety will be in all scientific programs, of course. But work under the programs will not exceed 20 percent of the overall volume of research and testing. The remainder will be in accordance with direct contracts.

B.Ye. Luzhanskiy: I should point out the shift to the market for scientific institutions is far from what it is in industry. Science has the basic task of shaping demand. In other words, marketing is in the final stage there, but for us it is at the start of the path. Ideas and developments—they are precisely what create the demand for new technology and new products.

The transition to market relationships between the customers and consumers of scientific output requires the solution of complex problems, primarily the quality of the work performed and price setting. At the same time, the main reason for the complexity is the lack of methodical normative documents to determine scientific and technical level or more broadly, the quality of scientific and technical output, and its production cost and economic effectiveness. The "Provisional regulations on a system for evaluating the scientific and technical level of research developments" is now going through the approval processes in the GosNII GA. This system will exert a substantial disciplining influence both on those performing the work and the customer, especially with respect to making the content and purposes of the work specific, providing justifications for the labor-intensiveness and production cost, formulating requirements for the scientific and technical level of output, and identifying developments which are not actually scientific research and may be standardized.

Editorial staff: One of the principal directions in the institute's activity has always been scientific accompaniment in the development of new equipment. What changes have taken place here with the introduction of cost accounting?

V.I. Maslov: New equipment is the basis of progress in civil aviation. And today we have to conduct an entire range of research, to include determination of the prospective fleet of aircraft required and the specifications for specific aircraft, participation in the designing and development of airplanes and helicopters that have been ordered, and the conduct of tests and followups on them.

In addition, we are conducting combined studies to provide for the efficient operation of airplanes and helicopters.

It is no secret, however, that our equipment is inferior to foreign models. Why? In my view, two basic reasons should be singled out: the absolute monopoly of the aviation industry and the customer's lack of opportunity to select alternative developments, as well as the directive method of managing the activity of civil aviation enterprises and their limited economic independence.

What is the solution to this? First of all, independence is needed for the OKB's [experimental design bureaus] (firms) of the Ministry of the Aviation Industry and other developer ministries, and state financing is needed to develop alternate (competitive) versions of the type of aircraft assigned, including in other countries (on a "complete" or joint basis). In addition, complete independence must be given to civil aviation enterprises and we need to establish airlines and associations, including new forms of cooperation with foreign airlines and firms.

With the increase in enterprises' economic independence (and hence their responsibility), the demand for the scientific and technical output of the GosNII GA, as well as participation by institute specialists in studies to ensure efficient use of available funds and resources and develop enterprise prospects, will increase. And an alternative such as this becomes possible under market conditions: the GosNII GA shifts to a leasing arrangement and operates under contracts with state, joint stock company, and cooperative enterprises and organizations. Primarily with enterprises and organizations in civil aviation and the aviation industry, of course.

Editorial staff: But what role will the ministry have in this arrangement?

V.I. Maslov: In other words, does science need the ministry? I have been in the institute for over 30 years, and during this time everything concerned with science has gone only through the ministry. Although it cannot do without the institute's participation in putting together one document. Indeed, there are no scientific forces in the ministry! Yesterday they brought in a comprehensive plan to ensure reliability—30 pages altogether, plus another two pages of endorsements collected throughout the country. Who needs this?

Incidentally, we often hear this complaint in concluding direct contracts: we are taking money from enterprises "the second time around," they say. After all, they have already transferred money for science to the ministry. Indeed, we are taking it, but where is this money that has been transferred—and a considerable amount? I personally cannot find an answer. Obviously there is some kind of game. Perhaps they "consolidated" the funds and used them to reinforce certain objectives or develop certain regions? But neither the customers nor I know about this.

Editorial staff: But after all, there are topics which interest the entire sector, aren't there? How is basic research conducted?

V.I. Maslov: Of course! We are the lead institution on a number of basic problems. But there are other lead institutions as well—the NETs AUVD [Scientific Experimental Center for Civil Aviation Air Traffic Control Automation], as an example. But the ministry is the superstructure! The bearer of old administrative methods. Aviation enterprises should take part in about 70 percent of the financing and the state budget should be involved with 30 percent.

V.A. Goryachev: I would like to point out that our flight testing complex has encountered a considerable number of problems in testing aviation equipment. V. I. Smeshko is the chief engineer of the complex. Let us hear how the work is proceeding today, and what the prospects are.

V.I. Smeshko: I will begin by saying that if cost accounting has resulted in problems for the scientific subunits, they have turned out to be much larger in our collective. The three subunits have always worked as one team. Now we rarely have contact even with those who are the ideologists in our work. They are involved with their own work now. The scientific testing center is the most costly subunit. In the shift to cost accounting we had 90 million rubles in aviation equipment alone in our balance. We "cleared it out," of course—we wrote off and transferred some of this equipment to the Aeroflot school. Only the flying laboratories are available now (they are not suitable for operation). The upkeep of this fleet is a burden for us—about 10 million rubles annually! In addition, our personnel are highly skilled and make up a very expensive work force. Retraining a pilot in a new aircraft and making him a test pilot costs one to two million rubles. Plus the high salary...

Nevertheless, working under cost accounting conditions has shown that only 19 percent of our total volume comes from the centralized fund, whereas our direct contracts make up 72 percent and joint participation with other organizations is responsible for nine percent. That is, we are practically recovering our costs. However, such contracts may not be enough in the future—after all, we have to earn 12 million. We are taking steps—we are making use of equipment and personnel and training pilots (including in special flight conditions). But competitors have already made their appearance—the Academy of Civil Aviation, for example.

Our relationship to new equipment has changed substantially. Who should finance it? How do we cover the direct expenses for maintenance? At first we used the Il-76 for dropping cargoes by parachute to small ice floes. These operations can be put out on the world market. Using airplanes and helicopters for firefighting is another direction of our work. Further, air operations to dispose of oil spills on land and sea. You can't list

everything. This is a positive example of how cost accounting is promoting initiative.

V.A. Goryachev: Cost accounting is helping to make the testing of new equipment less expensive, of course. But the principal concern now is maintaining the airworthiness of the aging fleet of aircraft. V. V. Kirin is studying this problem.

V.V. Kirin: In principle, about seven percent of Aeroflot's aircraft are new (and even then, relatively new). Moreover, taking into account that the plans to acquire new aircraft are being drawn out, we began working out measures back in 1987 to extend the service life of aircraft. In 1988, the ministry itself had still not determined how many such aircraft are needed and how to finance the operations. And the aviation industry is not interested in this work either. Only by the beginning of 1989 was the problem finally resolved. Henceforth all this work will be paid for (roughly 150 million rubles) from the centralized fund.

There are other scientific efforts as well. The collection, processing and sale of information on operating conditions, let us say. It is needed by the experimental design bureaus as well. Or nondestructive inspection—our specialists are head and shoulders above even those in the Ministry of the Aviation Industry! We have unique equipment. Work is under way on aircraft and methods are being worked out. Finally, restoration of parts is a very promising effort under market conditions. All these things will yield real profit.

V.A. Goryachev: The subunit which is traditionally engaged in collecting information, particularly on aviation equipment reliability, is represented by S. Yu. Zverev.

S.Yu. Zverev: Our department has long been involved in collecting, processing, and utilizing information on reliability. This is labor-intensive and expensive work. But since aviation enterprises are not aware of an instantaneous return from our research, some local managers have ceased to be concerned with this. Although we have tried to provide incentive, written reports, and concluded contracts, this work is going badly. People do not know how to make use of this information! Obviously, we should develop a system which would help to overcome the inertia in thinking, the lack of interest, and the monopoly of the manufacturer of aviation equipment. We are proposing such a system—it is based on the setting of reliability standards.

We often complain that one aircraft or another does not conform to the specification requirements. But at the same time, the extent of the developer's responsibility for this is not indicated, after all. So responsibility has been stipulated for poor equipment and incentive has been provided for good equipment. All sanctions and incentives will go directly to the one performing the work. But operations enterprises will be interested in determining the level of reliability.

Industry may be interested as well: provision has been made to determine indicators and the "financial effect" each year.

V.A. Goryachev: The problems of flight safety are extensive: they are related to the equipment and other things. Recommendations in this area should continue to be a priority for our institute. Even under market conditions.

V.K. Kalinovskiy: Flight safety and the new management conditions are a very troublesome subject. Unfortunately, this problem has coincided in time with an increase in unfavorable conditions. We are very late with the new aircraft, and we will be having so-called wear failures on our aging aircraft in the near future for this reason. Cost accounting is not stimulating the investment of funds in flight safety at all: it does not bring an obvious profit, and as far as losses from accidents are concerned, everyone is counting on good luck, the probability that there will be no problem...

We are also behind in research on the human factor. Human capabilities are truly immense, but when they reach a limit, it seems that we clearly are not aware of these abilities and have not studied how to extend them. The main problem in this situation is avoiding the temptation to get involved in minor tasks which produce a quick profit. We must single out what is most important and concentrate efforts and funds on it. Questions of a practical nature should be assigned primary importance, but at the same time, they should be fundamental and sufficiently broad in scope, not exceptional ones. In this case, the principal direction should be the development of bases for an information system on all negative occurrences.

The institute is conducting this work at its own initiative and with its own funds. For example, a complex for processing data from flight recorders, primarily on details of crew actions under different flight conditions, has been established on the basis of personal computers. The complex has aroused considerable interest among aviation enterprises and the industry. At present, the results of research on a particular situation, such as an aborted takeoff, are being put together. They are quite interesting, in our view, but we need comprehensive and purposeful research which covers the entire spectrum of basic problems. Providing for flight safety is economic, moral, and political in nature.

V.A. Goryachev: We cannot boast that we are actively studying the human factor, but we are dealing with individual aspects. In particular, questions of extending flying longevity. S. L. Shapovalov is a specialist in this very field.

S.L. Shapovalov: A difficult problem arises in the shift to cost accounting: how are we to be competitive? Not only at the country level, but the world level. We need scientific studies on the human factor that have been completed, let us say. Since 1980, pilots have been trained throughout the world on the basis of computers, and pilots are being trained comprehensively in all areas

of flight safety. Moreover, over the next five years our lag behind the West in flight training will increase by 15 to 20 years. The problem can be resolved by developing a system of sensory-psychological computer training.

The first experiment in applying the methods of computer modeling shows that the pilot's creative abilities are improved while the training tasks are performed. At the same time, the problems of selection for retraining are resolved, supervision of the level of flight training is improved, and there are new prospects for increasing flying skill.

Development of the sensory-psychological programs for flight training are related to a broad range of organizational, material and technical, personnel, and theoretical questions. The time for shaking out funds is gone, and the maximum for a year or a year and a half must be used to solve an entire range of problems; our press can provide good support for the scientists in this regard. I am referring to the need to organize the largest possible number of automated workstations for pilots in the aviation detachments. The programs are important. A stock of programs with a data bank, part of which can be borrowed in the West, should be established now for this purpose.

V.A. Goryachev: I would say that this is an area of training which does not exclude the use of complex simulators. Why has computer training succeeded so well in the West? They become accustomed to computers when they are in school. We still have many pilots who are simply afraid of touching keyboards! Generally speaking, computer hardware brings us up to a new level in conducting tests and analyzing the data from flight recorders. M. S. Lopatinskiy is in charge of these systems.

M.S. Lopatinskiy: It is being said today that one of the values that our institute can offer is objective and comprehensive information. The direction of the research which I represent is traditionally based on the processing of information obtained in a flight test. The influence of cost accounting, and especially market relationships, on this area of research is very substantial. First of all, because the cost of flight testing is very high. Hence there are real incentives to improve the efficient use of each unit of information and to supplement this information where possible with a digital experiment based on advanced computer facilities. Secondly, there is an effort to increase the competitiveness of the institute's proposals, which have contributed to a number of unique new developments which have now won recognition and are in demand, including among enterprises in the aviation industry. In particular, there is a mobile complex based on a personal computer to process data from a flight test outside the main base.

And finally, the most important point. There has been a stimulus to develop those kinds of output which, although they are not traditional for us because they are not related to flight testing, are extremely necessary to

our main customers today—the enterprises in the sector. So a system was developed to process flight information based on a personal computer. Today this system is successfully replacing the more expensive and less reliable "LUCH-84." A complex has been developed in the same way to calculate aircraft takeoff and landing parameters.

V.A. Goryachev: Most often we speak of the technical aspect, about the human factor. But after all, there are external influences on an aircraft as well. Oleg Konstantinovich Trunov, the leading specialist in this field and an institute veteran, will tell us about this.

O.K. Trunov: Research on the effects on an aircraft of the so-called hazardous influences of the environment has always held a leading position in the institute. The first research flights in areas of thunderstorm activity and icing were made in the 1950's, and our institute was the pioneer in these fields of science. However, as a scientific research direction with a unified ideology and methodology, which were developed in the GosNII GA, it was shaped in the late 1960's and early 1970's. The work was developed comprehensively and included the study of an atmospheric phenomenon and research on its effect on an aircraft, as well as the development of means of protection and methods of operation. As a rule, specialists from design bureaus and institutes of the Ministry of the Aviation Industry took part in our research.

Flight testing of a jet passenger aircraft under natural icing conditions, testing of a helicopter under icing conditions, and flight tests of icy aircraft under prelanding conditions and with high angles of attack—all this was conducted for the first time by us, at the GosNII GA. There were no such tests at that time in other countries.

Unfortunately, we have to speak about these achievements in the past tense. As a consequence of the unobjective and incompetent decisions of the institute's previous managers, many studies were curtailed (wind shear, ground icing, and so forth).

Providing for the safety and regularity of flights in hazardous weather conditions is typically a sectorial and operational problem. World statistics on aircraft accidents attest to the urgent nature of this as well. After all, the hazardous effects of the outside environment hold second place (after "the human factor") among all the causes of aviation disasters. For example, of the 54 disasters on world air routes in 1988, 21 were related to hazardous weather.

At present, the institute is basically studying two hazardous external influences—the protection of aircraft from atmospheric electricity and icing in the air and on the ground. Our specialists are engaged in research for the certification of all new aircraft for lightning protection and deicing protection, they are analyzing the preconditions for aviation accidents, developing recommendations on aircraft operation, demagnetizing

aircraft after lightning strikes, and conducting research to improve the lightning protection of airplanes and helicopters.

A hazardous new phenomenon—so-called "fuel icing"—was discovered; this is when transparent ice, which is difficult to see, is formed at a positive temperature on an aircraft's wing surfaces in the fuel tank area (where the fuel is at a negative temperature). After introduction of the recommendations made by the institute, the incidents associated with this phenomenon were practically eliminated.

However, problems arise in financing promising studies under cost accounting conditions. But without a "long-range aim," it is impossible to establish a reserve of scientific work, the basis for the institute's successful activity in the interests of our sector.

And finally. Practically no one who spoke mentioned the important direction of improving airworthiness standards. Unfortunately, our institute almost always devoted insufficient attention to this area. Meanwhile, this direction, which is directly related to flight safety and improvement in aircraft, should be one of the basic ones in the institute.

V.A. Goryachev: We have named the basis directions in the institute's work, and we have also discussed how the nature of this work should be changed under the new economic conditions. Although we have not touched upon a large subject—studying prospects for the development of civil aviation and its individual regions. This is the subject for a separate discussion. It is important to stress that the institute's specialists, in the words of one of our participants here, "have thrown themselves into cost accounting as they would in love, without a clear-cut idea of the possible consequences"; all the same, they have begun to work out methodical recommendations and to study the concept of civil aviation's development under conditions of the market that is coming into being. This is also a very important area of work at the institute. In our view, forecasting for an extended period of time will be very important for the market. It is needed first of all for aviation, especially for regions in the Arctic and the Far East. And we need new approaches and mechanisms here as well.

I think that on the whole, our discussion has shed light quite clearly on those ideas which we are nurturing, taking our work under the new conditions into account.

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V-62 Helicopter Under Development

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[Article by V. Krygin, chief designer, OKB [Experimental Design Bureau] imeni N. I. Kamov: "The V-62 Helicopter"]

[Text] The V-62 helicopter, which is being developed in the Design Bureau imeni Kamov, headed by General

Designer S. V. Mikheyev, has a takeoff mass of 5,800 to 6,000 kilograms and is one of the popular medium class of aircraft such as the Bell-412 and S-76B (United States), the WG-30 (Britain), the A-365 (France), and the Agusta A-129 (Italy). They can carry 12 to 17 passengers or up to two tons of cargo.

The Soviet Union does not have this class of helicopter today. The Mi-4, which was widely used with much success several years ago, has not been in series production for a long time, and cargoes of several hundred kilograms to several tons are being carried by the Mi-8 helicopters, which have a takeoff mass of 11 tons. Naturally, it is not profitable to transport small loads with it.

In accordance with the results of a large volume of scientific study and technical and economic research, the appearance of the future helicopter was determined, its parameters were selected, and ways were specified to achieve our goal. We were firmly convinced that the basic features of the new helicopter should be superior to those of existing aircraft. In order to improve its efficiency, serious attention was given to an increase in its cruising speed—by approximately 20 percent, with a corresponding reduction in fuel consumption (by the same magnitude). As expected, the load ratio will increase by five to seven percent, and in addition, the labor-intensiveness of maintenance will be simplified and substantially reduced (by roughly 40 to 45 percent). The helicopter's noise level should be reduced as well.

Together with scientific research institutes, studies were conducted to give the helicopter 2 to 2.5 times less aerodynamic drag, to develop new blade profiles with 2- to 3-percent greater KPD [efficiency], and to make extensive use of composition materials (up to half or more of the airframe mass). In order to reduce takeoff mass and improve the technical level of the equipment used, a new generation of complexes, systems, and assemblies appropriate for helicopters of this class have been developed by enterprises in the industry.

From analysis of the relative features of helicopters (See table), it is apparent that the cruising speed and static ceiling of the V-62 helicopter are substantially higher than any other aircraft. The results of studies made jointly with the TsAGI [Central Aerohydrodynamics Institute] to reduce the helicopter's aerodynamic drag and increase the lift-to-drag ratio are shown in the graphs. The magnitude of aerodynamic drag obtained in the process of wind-tunnel testing with models, $0.2 \text{ M}^2/\text{T}$, is the minimum for this class of aircraft. The magnitude of the helicopter's lift-to-drag ratio (K_{LEV} is nearly equal to 4) is found on the upper level of the zone of lift-to-drag ratio magnitudes that were obtained and predicted.

Comparative Features of Helicopters with Medium Load-Carrying Capacity

Feature	Unit of measurement	Type of helicopter					
		V-62	W-3	S-76B	A-365	BeB-412	WG-30
Developer	—	USSR	Poland	United States	France	United States	Britain
Takeoff mass	kilograms	6,000	6,100	5,170	4,000	5,260	5,800
Engine type	—	TVD-1500	TVD-10	PT6B-36	"Arriel"	PT67-3B	KM60-3
Engine takeoff power	horsepower	2 x 1,300	2 x 900	2 x 975	2 x 710	2 x 915	2 x 1,200
Maximum speed	kilometers per hour	300	253	287	280	260	245
Cruising speed	kilometers per hour	260	220	250	260	226	222
Static ceiling	meters	2,500	2,000	1,400	600	—	700
Service ceiling	meters	5,500	5,100	4,570	4,575	4,975	3,045
Maximum rate of climb	meters per second	10	8.3	8.6	7.5	7.3	10.4
Range with main fuel tanks full	kilometers	685	655	535	757	345	540
Number of passengers	—	1 + 14	11	12	1 + 8	1 + 13	15-17
Maximum mass of externally suspended cargo	kilograms	2,500	2,100	1,815	1,600	2,270	2,045

The TVD-1500 engine developed especially for the helicopter by the Rybinskiy Engine Building Design Bureau (A. S. Novikov, chief designer) is a new-generation engine. Its parameters are on a level with the best prospective foreign models. The main features of this engine are its long initial service life and modular construction, which makes it possible to change individual elements in the course of operations and to ensure its functioning under very dusty conditions. The somewhat higher mass of the TVD-1500 is explained by the units that have not been perfected sufficiently. In order to obtain a long service life, stresses also had to be reduced in the heavily loaded individual assemblies of the engine by increasing the dimensions of material, which also led to an increase in mass.

The reduction obtained in the helicopter's mass and parasitic drag, as well as the use of an advanced engine with high performance, have made it possible to build an aircraft with low fuel consumption in transport operations.

The V-62 helicopter has a single main rotor and a tail rotor in the fin to compensate for contrarotating torque and control heading. This configuration provides for high performance and aerodynamic efficiency. In addition, the protected tail rotor installation ensures safety for maintenance personnel and protects the rotor from being hit by foreign objects. The tail rotor in the fin, which operates at high speeds, makes it possible to reduce the mass of the transmission and avoid the

installation of an intermediate gearbox, which is typical for helicopters with the customary tail rotor.

The base model of the V-62 is the transport version. In addition, medical and rescue versions (with the installation of a winch to lift 300 kilograms) are being developed to perform special tasks. They have a common power plant, transmission, rotor system, and fuselage, and differ only in their special equipment.

The helicopter's configuration and design provide for equipment to be arranged with access primarily from inside the cabin, which improves the quality of maintenance, especially in poor weather. The equipment has been unitized to a high degree, and it is arranged so that units which are used for similar tasks are located next to each other in order to reduce couplings between units.

These layout solutions, as well as the use of built-in monitoring units to evaluate the technical status of basic assemblies and systems and maintenance of the airframe, landing gear, and elements and assemblies of the fuel and hydraulic systems in accordance with their technical condition, have made it possible to provide the helicopter with high performance and reduce the length of time for maintenance—roughly up to 1 hour (or even less) of maintenance per hour of flight.

Structural Details

The fuselage of the helicopter has a metal framework and sandwich panels made of composition materials using

organic carbon plastics, glass-reinforced carbon plastics, and fiber glass. The ribs and longerons, which have concentrated loads from the landing gear and gearbox, are made of metal. Panels made of composition materials are joined to the assembled framework. In order to reduce mass, the number of parts, and the cost of manufacturing, the panels are large-sized, with functionally completed units and parts. This structural and technological solution reduces the number of fasteners—bolts, screws, and nuts.

The fuselage is made up of four units assembled in individual sections: the pilot's cabin, the center section, the tail boom and tailplane, and the vertical stabilizer with the tail rotor channel. The pilot's cabin includes a nose compartment intended for radio and electrical equipment. The nose cone must be moved upward to gain access to it. The cabin consists of the canopy's load-bearing framework, made of composition material, the roof panel, three longerons, and the floor of the main frame, which connects with the fuselage center section. The cabin doors are hinged and open against the air-stream. In order to prevent jamming, the doorway has corners beveled outward.

The pilot's seat is on the right side. A second position is also equipped with controls when necessary. The basic reasons which made us adopt such a solution (for the first time in this country) was the need to provide a convenient and efficient arrangement of instruments and controls for the pilot. The helicopter has been equipped with multifunctional displays. They must be operated in flight to produce the data needed at a specific moment. It is more convenient in this case to use the left hand. "Righthand seating" eliminates dual controls for the instrumentation when there are two pilots. Moreover, the arrangement of the controls provides for less inconvenience when entering and leaving the cabin.

The center section of the fuselage includes the cargo cabin, the aft equipment bay, the auxiliary power plant compartment, wells for retraction of the main and tail landing gear, and fuel tank compartments. The center section is the primary load-bearing structure, consisting of frames and diaphragms connected by the longitudinal framework.

The upper load-bearing section of the cargo cabin and the aft equipment bay, in the form of a frame with panels fastened to it, acts as a mount for the engine nacelle.

Space under the engine nacelle cowling is divided by firewalls into the engine and gearbox compartments. Fire extinguishing and warning devices are installed in the engine compartments. The cargo cabin has sliding doors on each side which are opened forward for flight and are equipped with contour pressurization. In transporting bulky cargoes, an additional flap may be opened to enlarge the doorway. The availability of large doorways on both sides of the cabin makes it possible for passengers to be seated and disembark conveniently and

it provides for free access to the special equipment installed inside the helicopter.

Compartments for the fuel tanks, which are installed through removable panels, are located under the floor of the cargo cabin. The fuel compartments are divided along the axis of symmetry by the longeron on which the external cargo suspension units are installed.

The tail boom is conical in shape with an elliptical cross section. It is made by the method of winding composition material. A fairing has been installed on the tail boom for the transmission shaft to the tail rotor, the directional control rod, and hydraulic system lines. The tailplane with tip stabilizers and the fin with the ring channel for the tail rotor are attached to the tail boom. The vertical stabilizer is anchored to the tail boom with a flange joint.

The ring channel has a profiled air duct with a rounded lip and a cylindrical surface positioned in the plane of rotation of the tail rotor blades and a conical diffuser.

The rotor system utilizes the principle of flexible blade mounting. The absence of bearings for the flapping and pitch-change hinges in the main rotor hub and the use of self-lubricating sliding bearings in the lag hinges simplify operation of the rotor system and improve its reliability. The rotor system does not have lubrication points.

The role of the flapping and pitch-change hinges is performed by a torsion bar made of a stack of steel plates and a flexible element rectangular in shape and variable throughout its length made of a stack of fiber glass fabric by the molding method. The torsion bar absorbs the centrifugal force of the blade, and because of the low rigidity it provides for flapping motion on a vertical plane and rotates the blade in relation to the longitudinal axis to change the blade angle. Movement of the blades in the plane of rotation in relation to the lag hinge is provided by the attachment unit. It is limited by the rigidity of the flexible element connected with an adapter for the blade attachment. The parameters of this element are selected on the basis of requirements for the main rotor's frequency characteristics, taking into account safety from ground resonance.

The hub casing is made of carbon fiber glass. It is detachable, assembled with upper and lower plates, and provides for the installation and clamping of the torsion bars. Both halves are connected by bolts to a boss made of titanium alloy with splines for seating on the gearbox shaft. The plates also have openings for attachment of the torsion bars. The upper and lower plates have a large radius to accommodate the smooth deflection of the torsion bars when the blades are in flapping motion.

The failure of even several torsion bar plates does not lead to a system failure. These plates are identified during inspection and may be replaced. Spacing washers are installed between the plates to prevent fretting corrosion, and antifriction fabric is glued at points of contact with the hub casing. The boxlike casing of the

torsion bar, which serves together with the adapter to control the blade and restrict its overhang, is made of fiber glass fabric. Protection from charges of static electricity and lightning strikes is provided by covering the fiber glass parts with a metallic screen, and the sleeves of the main rotor hub to the gearbox shaft are bonded with metallic strips.

The blades of both rotors are made entirely of composition material, utilizing the most advanced technological developments and high-strength materials. The main rotor blade is rectangular with a sweptback tip and a two-contour spar. The outside surface of the spar forms the shape of the leading edge of the blade's aerodynamic profile. Rubber-covered steel antiflutter weights have been positioned in the spar's leading edge space. The leading edge of the spar is protected throughout its length from the effects of external impact by abrasion-resistant rubber. In addition, parts of the blade most susceptible to erosion are protected by steel binding of variable thickness. An electrical deicing system has been provided to prevent ice formation in the rubber covering of the blade's leading edge. Root sections which shape the rear of the blade's aerodynamic profile are glued to the rear spar web. The blade is attached to the sleeves of the main rotor hub at the spar root by two bolts.

The tail rotor. The hub of the tail rotor has pitch-change hinges for each blade and rigid blade mounting. The boss is made of titanium alloy and has 11 cylindrical attachment points for the blades. The blade root has a self-lubricating bearing and is installed on the boss with the aid of a load-bearing element and attached with bolts. The boss is connected with the gearbox shaft through edge splines. A housing for the splines, over which the bar controlling rotor pitch slides, is installed in the central interior opening of the boss. The bar is linked with the blades by 11 rods and linked with the hydraulic cylinder for controlling the tail rotor pitch as well. A fiber glass fairing has been installed on the boss.

The tail rotor blade is rectangular in shape. The blade spar is a shell whose root covers the cylindrical casing of the self-lubricating bearing. The blade's leading edge is protected by an abrasion-resistant titanium binding.

The power plant. A feature of the engines is that they are fully self-contained. Engine modules include the gas generator, the free turbine, the gearbox, lubrication system, dust-protection device, and exhaust branch pipe. The generator module combines a four-stage compressor with three axial stages and one centrifugal stage, an annular reverse-flow combustion chamber, and the compressor's two-stage axial-flow turbine. The free turbine is two-stage and axial-flow as well. The reduction gearbox includes the reduction gear, an overriding clutch, and a gearbox to drive the engine accessories. The self-contained lubrication system includes an oil tank and a mounted air and oil heat exchanger. Air in the heat exchanger is purged by an ejector which operates with air taken from the engine compressor. The engine's dust-protection device is the inertial type, and concentrated

dust is sucked out by the ejector, which operates with air taken from the engine compressor. Dust is removed from the air by speeding up the flow in the air inlet duct and deflecting it at an angle of roughly 90 degrees. Inertial separation of the dust particles takes place in the process. The dust is sucked out from this area in a wide-radius turn and ejected into the exhaust branch pipe.

The engines' air intakes are equipped with a hot air deicing system which operates with air taken from the engine compressor. The connection between the air intakes and the engines is quickly removed, which makes it possible to disassemble them efficiently.

The engine is equipped with a digital electronic control system with full redundancy of channels, as well as a reserve hydraulic and mechanical control system.

The engine is started with the AI-9 on-board auxiliary power plant. It has a gas turbine engine. It consists of a single-stage centrifugal compressor, an annular reverse-flow combustion chamber, a single-stage axial-flow turbine, and an exhaust branch pipe. Starting with the storage battery is performed automatically from the engine starting panel. Completion of the start is indicated on the pilot's instrument panel. Starting of the main engines is also automatic in accordance with a program recorded in the engine's electronic regulator.

The fuel system is self-contained and identical for each engine. It supplies the engines from its own group of tanks or one engine from any group of tanks. The system includes four built-in flexible tanks of 1,100 liters each, located under the cargo cabin floor. The fuel in both groups is supplied from the forward tanks by booster pumps and it is fed to the forward tanks from the aft tanks by gravity flow through non-return valves. The tanks are equipped with fuel gauge transmitters and fillers on the right and left sides. If the booster pumps fail, the main engines are supplied by suction from the engine fuel pumps through a bypass non-return valve, which reduces hydraulic resistance during the suction. Fire prevention valves are installed in the main supply lines to cut off the fuel supply in an emergency and in the parking area. Control of the fuel system is from a panel in the cockpit. The system's sensors emit warnings on the fuel remaining in an emergency and a signal that the tanks have been filled in refueling.

The lubrication system for each engine is provided in a closed circulation arrangement. Oil is supplied by a discharge pump to the air and oil heat exchanger, where it is cooled and fed through a filter to the engine parts subject to friction.

The cooling system consists of two independent air circuits, each of which has an axial-flow fan. Both fans are installed on the main reduction gearbox; they force the air into air ducts to the air and oil heat exchangers and generators.

The engine compartments are ventilated by outside air ejected by the exhaust jets; it reaches the compartment through air intake units in the cowlings.

Fire protection. The engine compartments and fuselage fuel tanks are fire hazards. Protection is provided both through the design measures and the warning devices and fire extinguishing system. When a fire starts and warnings are activated, information is provided on the location of the fire. The fire extinguishing system is turned on manually.

The transmission of the helicopter transfers power from two engines to the main rotor, the tail rotor, and accessory drives. It consists of the primary and tail gearboxes, the two main shafts, and the transmission shaft with mounts for the tail rotor.

The primary gearbox is two-stage. Transmission of torque is through a pair of conical drives and a pair of cylindrical drives, the driven gearwheel of which carries the overall power flow. Fans for the cooling system, generators for the power system, and pumps in the hydraulic system, as well as sensors and warning devices on oil pressure and temperature, chips in the oil, speed, and vibrations, are installed on the gearbox of the main reduction gear. The main rotor brake is on the upper casing.

The reduction gear's lubrication system is self-contained, and circulation is through two oil pumps. Oil cooled after an air and oil heat exchanger and cleaned in a filter is supplied by one oil pump to lubricate bearings and gears. Oil is pumped out of the reduction gear sump into the heat exchanger for cooling by the second oil pump.

The tail reduction gear is single stage and conical. An oil temperature warning indicator, a minimum oil pressure sensor, and a device warning of chips in the oil are installed on it. The mechanism for controlling the tail rotor is on the flange of the reduction gear's output shaft. The oil system is self-contained. Lubrication of surfaces subject to friction is provided under pressure from an oil pump. Heat is drawn off through a finned casing.

The main shafts transmit torque from two engines to the reduction gear. Each shaft consists of a spring, flexible plate-type clutches, and a splined flange. The flexible plate-type clutches compensate for errors made when the engine and reduction gearbox are installed.

The transmission shaft transfers torque from the main reduction gearbox to the tail reduction gear. It consists of four interchangeable springs which are connected with each other and with both reduction gearboxes by clutches. The springs are made of thin-walled aluminum shafts. The tail shaft is mounted on three supports with a two-row spherical bearing unit in each one. The clutches compensate for inaccuracies in installing the reduction gearboxes.

The landing gear is tricycle in arrangement, with two main struts and one in the tail; the landing gear is

retracted in flight. The landing gear design makes it possible to land normally on an inclined surface when the angle of inclination is no less than 10 degrees. The braked wheels are on the main gear.

The main landing gear is the articulated-suspension type, with an oil and nitrogen shock absorber and a cylinder for extension and retraction; it absorbs the energy from the impact of an emergency landing speed of up to 6 meters per second. The shock absorber has been provided with an additional stroke for this, and it has a special hydraulic damper. The main landing gear design includes a mechanism for controlling the upper and lower doors of the wheel wells.

The tail gear is the telescopic type, consisting of a strut with an oil and nitrogen shock absorber, a cylinder for the strut with a built-in lock for the gear when extended, a pair of unbraked wheels, and a lock for the retracted position. A mechanism for stabilizing the wheels to prevent shimmy during the takeoff run and rollout has been included in the tail gear design.

The landing gear is extended and retracted with the primary hydraulic system; the gear is extended in an emergency with the standby hydraulic system. The landing gear extension and retraction and the mechanism for stabilizing the tail gear, as well as the emergency gear extension, is controlled from the cockpit. A warning indicator is on the control panel for the landing gear position and the lock for the mechanism to stabilize the tail gear.

The Main On-Board Systems

The flight control system of the helicopter includes systems for fore-and-aft and lateral control, collective-pitch control of the main rotor, and directional control. The control circuit utilizes rigid rods. Hydraulic drives are included in all the basic control channels to reduce the control forces, as well as to make combined control possible with stabilization from the autopilot. The main rotor drives are combined in a single control unit located on the reduction gearbox housing. This solution has made it possible to increase control stiffness and reduce vibration. The command element in the pitch and roll control system is the cyclic pitch lever, installed in front of the pilot's seat between his legs. The command element in the system for collective-pitch control of the main rotor is the collective-pitch control lever. It is positioned on the pilot's left and secured to an arm on the rear partition of the cockpit. Rods from the controls pass through the cockpit and are connected with the control unit in the engine nacelle through control cranks. The rods and cranks transmit force from this unit to the fixed wobble plate ring in the pitch and roll control channel and the slide bar of the lower wobble plate in the collective-pitch control channel.

The directional control linkage runs from the pedals through a system of rods and cranks through the cargo cabin into the engine nacelle, and from there into the tail boom fairing, where the rods are laid adjacent to the

transmission shaft. A rod leads from the fairing to the tail rotor pitch control drive.

Trim mechanisms are installed in all the control system channels, producing force gradients on the levers and pedals which simulate the aerodynamic loads when they are deflected.

The design of the helicopter's control system makes it possible to adjust the position of the pedals. There is a brake lever on the cyclic-pitch control handle for braking the main landing gear during taxiing and parking through a hydraulic pressure-reduction valve.

The system for controlling the engines is designed to open and close the fuel supply to the engines and to shift engine operation into intermediate regimes and an "idling" condition.

The main rotor braking control enables the main rotors to be braked rapidly.

There are two knobs on the panel for split-axis control of the engines and one handle for controlling the main rotor brake. A mechanical interlock has been provided to prevent an engine from being started when the rotor is braked. Control of the engines and main rotor braking is through a cable.

The hydraulic system of the helicopter is designed to drive the hydraulic actuators, the helicopter's flight control system, the braking system, the main landing gear wheels, the landing gear retraction and extension system, and the system for stabilizing the tail wheels.

The hydraulic system consists of two self-contained subsystems. The first one supplies power for drives in the primary control system, directional control, and the emergency landing gear extension system. The second one supplies power for the primary landing gear retraction and extension system, the main landing gear braking system, and emergency power for the flight control system when the primary system fails.

The power sources of the hydraulic systems are variable-displacement hydraulic pumps installed on the reduction gearbox. The operating pressure is 150 kilograms-force per square centimeter, and the working fluid is AMG-10. Because the pumps operate without cavitation, the hydraulic reservoirs are pressurized with air taken from the engine compressor. Hydraulic accumulators are installed in the lines under pressure in each system to damp the pressure fluctuation during operation. Secondary filters in the filling and delivery lines ensure the purity of the working fluid in the hydraulic system.

The parameters of the systems' operation are shown on the television screen of the information display system.

The air conditioning system is designed to establish and maintain the microclimate required in the cockpit and cargo cabin and to prevent condensation and icing on the windshield. The engine compressors are the source of hot compressed air. The air taken from them passes through

an excess pressure regulator for cooling into the primary heat exchanger. Outside air drawn in by a built-in ejector is blown through the heat exchanger to produce the cooling. The air passes from the primary heat exchanger into the air conditioning bay, where it is cooled in a unit of air-to-air heat exchangers to 30 to 40 degrees and dried in a built-in dehumidifier; after additional cooling in a cooling turbine, the air comes into the cockpit and the cabin. An air distributor and ejector, which ensure smooth temperature regulation, are also located in the air conditioning bay. The air supply temperature is regulated by automatic devices.

The flight control and navigation equipment and the information display system. The flight control and navigation equipment enables the helicopter to be flown and provides for the processing and delivery to the information display system of the data needed by the pilot. In addition, it provides for improvement in stability and handling qualities, automated stabilization of flight attitudes, stabilization of flight over a planned course and track, and warning when banking, pitch, and vertical speed limits are exceeded. Flight control and navigation information sensors and a central and a peripheral computer are included in the equipment to perform these tasks. The input and display of information that has been entered, as well as the monitoring and display of current information in flight and in the process of preparing for flight, are made possible by a multifunction and multimode console installed in the cockpit. The console makes it possible to control the different systems from one work position and provides for convenience, simplicity, and graphic demonstration of equipment operation.

By obtaining the flight parameters from the sensors, the computer processes and issues warnings to the hydraulic boosters installed on the reduction gearboxes and provides for automated control, stabilization and damping of vibrations. Flight safety is ensured during autopilot use by differential engagement of the computer in the control circuit and the use of 20-perce control in this case.

All the information necessary for the pilot's work appears on two television screens. One screen displays the flight control information and the other one shows the navigational data and information on the helicopter's systems. At the same time, so that the screen is not filled up with unneeded information, the parameters of the systems' operation are called up as necessary. In the event of malfunctions or the deviation of system parameters from those that were assigned for normal operation, an inscription on the failure appears on the screen. By pressing the appropriate button, the pilot can call up full information on the system concerned.

The automated on-board monitoring system, which has its own computer system, provides for continuous distribution to sensors of the built-in unit to monitor on-board equipment and is the source of information on the status of the helicopter's systems.

At the same time, it not only performs the tasks of monitoring and transmitting information to the television system, but it records previous malfunctions during a flight so they can be analyzed on the ground. In addition, the operating efficiency of equipment is checked on the ground, and instructions for the operator conducting the check are shown on the screen. The results of monitoring are documented on a special tape as well. When several failures are revealed, information on the events is provided as a priority. A central red warning light is lit to draw the crew's attention to the information, and in the event of a failure, an audible warning is given.

The power supply system consists of a two-channel, three-phase alternating current system, a two-channel direct current system, and an emergency power supply system. Two three-phase contactless generators of 30 kilovolt-amperes each installed on the reduction gearbox are the source of the alternating current power. The system provides for only isolated operation of the generator, and for this reason, each generator is connected to its own switching devices. When one generator fails, the second one supplies power for all equipment. Rectifiers with a power rating of 6 kilowatts each are the main sources of the direct current. The rectifier units are connected to the on-board electrical system automatically when alternating current voltage is available. When one rectifier fails, the remaining unit provides power for all recipients of direct current.

A storage battery and a single-phase static converter of direct current into alternating current are installed on the helicopter to supply power for essential systems when the main sources fail (two generators or two rectifier units at the same time), as well as for self-contained starting of the engines. When the main power sources fail, a "Flight restricted" warning signal appears on the instrument panel. The estimated flight time using the storage battery depends on many factors, but it averages about 30 minutes.

Operation of the Helicopter

A number of technical solutions, based on experience in operating under different climatic conditions, have been incorporated in the helicopter's design to shorten maintenance time and simplify it. Thus most of the assemblies which have built-in monitoring systems, for example, are not operated in accordance with a specific service life, but in accordance with their technical condition. The operating efficiency of systems is checked through the automated on-board monitoring system right on the aircraft. The electronic units are easily replaceable because their fasteners are opened and closed in one movement of a locking device. Simple access has been provided to every assembly. The aircraft's servicing points, intended for connection to filling facilities on the ground, are positioned in easily accessible places at a height of about 1.5 meters, so stepladders are not required. The design of plug-and-socket

connections enables them to be connected and disconnected in half a turn of a nut, and safety wire is not required.

We have confidence that the V-62, a high-performance helicopter and the first one in the USSR made of composition materials, will find extensive use in the national economy.

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RAIL SYSTEMS

Railway Leader Blames Government for Lack of Modernization

914H00584 Moscow PUT I PUTEVOYE
KHOZYAYSTVO in Russian No 11, Nov 90 pp 2-3

[Article and news item: "The Market Reminds us of the Forgotten Sector"]

[Text] At a recent press-conference, G.M. Fadeyev, first deputy minister of Railways, in his opening address, described the present state of railroad transport as a pre-crisis situation. The main reason is the insufficient attention paid by the government to the problems of the sector over the last few years. The program for modernization of railroad transport, proposed at the beginning of the five-year plan, has not yet been adopted.

On the threshold of the market, the shortage of rolling stock, poor material and technical supply and unregulated financial problems are particularly worrying.

The railroads have the leading role in the country's transport system—about two-thirds of the freight turnover and 45% of the passenger turnover fall to their share. Tens of thousands of locomotives, freight and passenger cars are used to fulfill these transport volumes. In the last few five-year plans, however, the sector has been undersupplied by thousands of cars, locomotives and containers.

In the current five-year plan alone, the network's track workers have been undersupplied over 2,000 km of rails, about 16 million pieces of wooden ties, 25,000 sets of switch ties and 34,000 cubic meters of bridge ties.

A considerable amount of the track machine fleet is physically worn out, and over 30% has worked out its service life. This is particularly true of track-laying cranes, motor flat cars, ballast reclaiming and snow removal machines and track measuring and rail testing equipment.

The decree of the USSR Council of Ministers of 31 January 1986, No 401, "On Measures to Provide Track Machines for Railroad Transport", is not being fulfilled. In four years it was specified that 2,743 track machines be supplied, but 2,100 units, or 76.6% of the plan were actually supplied. There was an undersupply of 18 laying cranes, 69 VPRS-1200 and 63 VPRS-500, and 44 snow

removing machines. The undersupply of equipment is leading to railroad work "using worn-out equipment", their operational and economic indicators are deteriorating and the reliability of the sector's work is being reduced.

Because of the sector's unsatisfactory provision with materials for the permanent way of the track and particularly, with wooden ties, switch ties and track machines and mechanisms, there was a sharp deterioration in the state of the track. For example, the point evaluation rose from 88.9 in 1985 to 176.7 units in 1990, but the number of kilometers with an unsatisfactory evaluation rose during this same period from 4,545 km in 1985 to 10,111 km in 1990.

Some 11.5 million tons of new rails (88,400 km) are to be laid in this five-year plan. The track workers should have obtained 9,375,000 tons through the funds of Gosplan [State Planning Committee] and Gosstab [State Committee for Material and Technical Supply] for the four years of the five-year plan. Actually, 9,090,000 tons were obtained. Because of the 1,275,000-ton short supply in 1981-1989, almost 10,000 km of rails were not updated, and on sections with a total extent of about 60,000 km, rails are in service which do not conform to operating conditions with respect to throughput tonnage capacity. For this reason, and because of the increase in the axle loads, yearly, every 100 km, over 80 rail units with dangerous defects are revealed by nondestructive monitoring and replaced separately, which is several times more than on foreign railroads (FRG—5 units, England—6, Yugoslavia—14 units).

Because of the poor state of the rails, 50,000 km have a permissible speed of not over 70 km/hr, and because of worn rails, about 1,000 speed restriction warnings are in effect every year. As compared with 1980, their number has increased by a factor of 1.7. Eleven wrecks occurred in 1989 because of broken rails.

In the last five-year plan it was specified that 94,500 sets of crossing ties be laid, but only 60,600 sets were received. In the four years of this five-year plan, instead of 88,000 sets, 55,400 were obtained (63%). Because of this, the number of crossing ties on the tracks that should be immediately replaced has reached 25% of the number of those in operation, which is 8-fold more than permitted for normal operating conditions.

The crossing tie situation is now worse than it was in the postwar year of 1945, when the number of defective ties was 20%.

The situation with respect to laying crossing ties is particularly alarming this year. According to the State order, the enterprises of the USSR Ministry of the Timber Industry should have supplied 13,800 sets of ties, but contracts were concluded for only 11,100, and in eight months, 4,100 sets were shipped.

A catastrophic situation has formed.

The sector needs a yearly supply of 25 million units of wooden ties for routine maintenance, repair and construction needs. In the 12th Five-Year Plan, 120 million wooden ties, or 24 million a year, were to be supplied. In four years, only 69.5 million ties have been supplied. This has led to the number of defective ties reaching 50.3 million pieces (13.2%), which is quadruple the permissible level for normal operating conditions.

The state of the wooden ties is now close to the state in 1946 (15%). In 1988-1989, 9 wrecks, 12 train accidents and about 3,000 derailments of rolling stock occurred because of defective ties.

The ties are being unsatisfactorily supplied this year, too. According to the State order, the enterprises of the USSR Ministry of the Timber Industry should have supplied 19.3 million ties. In eight months, however, only 7.8 million ties of the year's volume have been shipped.

The sector's management appealed to the USSR Supreme Soviet. The appeal, in particular, noted that the underevaluation of the sector's role has been going on for a long time. For example, in the last 20 years, the growth rates of the fixed capital in railroad transport were 1.8-fold lower than for the national economy as a whole. In the last two five-year plans alone, the sector was undersupplied, as against the plan, which was lower than the demands, by 151,400 freight and 3,200 passenger cars, 1,600 electric locomotives, 2,200 mainline diesel locomotives, 1.3 million rails and over 30 million ties and other very important material-technical resources.

As the result of the systematic undersupplies, the technical state of the roads grows worse from year to year.

The coming transition to the market is posing new requirements for the work of the railroads, both with respect to raising the standard of passenger service, and prompt provision of freight transport. To stabilize the situation, urgent practical measures must be taken which would make it possible to raise the technical and social potentials of railroad transport to the level at which it could become a reliable support for the State in carrying out its economic policy.

Unfortunately, none of the variants of the Program for Transition to the Market pays the proper attention to railroad transport. The railroad workers have now fully felt the wild outburst of prices for the goods supplied to the sector, all the absurdity of the exchange in kind and their defenselessness and complete dependence on the will of the suppliers. With firm, strictly regulated tariffs on transport, as is specified in the Programs and free prices for most of the material-technical resources, the sector's deficit in funds this year already exceeds 10 billion rubles. Naturally, under these conditions, the state of the material-technical base is getting increasingly worse, and all the efforts of the railroad workers to improve their work cannot give the necessary yield.

It is impossible to establish market relations without the stable functioning of the railroads, and any Programs

will be doomed to failure. This cannot be permitted. Common sense and the logic of market relations require an immediate solution to the problems building up in railroad transport.

For this, the appeal says, the following proposals must be taken into consideration when discussing the Program for Transition to the Market.

Preserve the unity of railroad transport as an integral production-economic system with increased demands on the organization and safety of the work, and a continuous technological process of transport, stipulating centralized management, and a specificity of the economic mechanism that differs from the one specified by the USSR Law "On Enterprises in the USSR."

Specify the development of special measures of a legal and economic nature, guaranteeing protection of the sector's enterprises against the intervention in their activity of various groups attempting to use blocking the work of the roads as a method of carrying out their political ambitions. Determine the specific obligations of the State and the republics in solving social problems for the railroad workers.

Recognize the priority direction for the development of the national economy as reinforcing the material-technical base of railroad transport and adopting, as an all-union Program, the re-equipment and modernization of railroads in 1991-2000.

To create the economic conditions ensuring the realization of the Program, the following are necessary: grant the sector the right of independently establishing tariffs for transport (under the control of the State), or specify clear-cut guarantees of the USSR and republics to allot the necessary budgetary allocations; fulfillment of work to construct railroad lines (in a group with objects for the social sphere) to develop new regions of the country, and also maintenance and development of a network of public health and enlightenment institutions for railroad transport, implemented through the funds of the union budget; construction and maintenance of objects which are unprofitable for the sector but have regional significance and improve the level of public services and amenities for the enterprises and inhabitants of the appropriate regions (subways, railroads of local importance, pedestrian bridges and tunnels, low-activity railroad stations and sections, terminals, stopping points in suburban zones, etc.); financing them through the funds of republic and local budgets; specify for the manufacturing enterprises, included in work for the State, the supply of important types of material-technical resources for railroad transport (for the entire period that these resources are in short supply).

Specify the creation of, as part of the Ministry of Railways: an Association of Transport Machine Building and Electric Machine Building, on the order of the enterprises of the Ministry of Heavy Machine Building and the Ministry of the Electrical Equipment Industry and Instrument Making, with the participation of the

enterprises of other ministries and departments, as well as planning-technological, scientific-research and design scientific research institutes and design bureaus; an Association to perform construction-installation work in the sector, including the contracting organizations of the Ministry of Transport Construction.

The proposals set forth should be secured in the appropriate legislative acts of the USSR, the most important of which for the sector is the Law on Railroad Transport.

G.M. Fadeyev, first deputy minister of Railways, and V.N. Butko and G.M. Korenko, deputy ministers, answered the numerous questions of representatives of the national newspapers, radio and television and those who took part in the press conference devoted to the sector's problems in relation to transition to the market.

News Item

The Main Administration for Design and Capital Construction of the Ministry of Railways and the North Caucasus Railroad held a network advanced experience school in rebuilding and capital repair of engineering structures. Taking part in it were directors of the bridge-tunnel repair organizations, road construction-installation and specialized trusts and also representatives of the Ministry of Railways, institutes of Giprotransput, Leningrotransmost, VNIIZhT [All-Union Scientific Research Institute of Railroad Engineers], the Scientific Research Institute of Bridges of the LIIZhT [Leningrad Institute of Railroad Transport Engineers] and others.

The school discussed the advanced technology of capital repair of bridges, tunnels and pipes, as well as the problems of organizing and planning the rebuilding of structures under the conditions of a market economy, and some conclusions were drawn concerning the 4 years of the five-year plan.

At the same time, a network school was held to study experience in operating and repairing roadbeds under the conditions of a complex plan and profile in zones with a severe climate. It was organized by the Lines Main Administration of the Ministry of Railways, VNTO Zh and TS [All-Union Scientific Society of Railroad and Transport Construction] and the Transbaykal Railroad. Among the participants were workers of the track and geological base services, track inspectors' and specialized track machine stations and scientific-research institutes and VUZes.

The most important speeches were devoted to the effect on the roadbed of the increased axle and per meter loads, means of mechanizing repair and methods of normalizing fills and cuts, including under permafrost conditions.

The journal will publish materials on the work of the schools.

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Work of Railways Information Institute Described

914H0057A Moscow GUDOK in Russian 29 Nov 90 p 1

[Interview with Viktor Alekseyevich Shemonayev, director of the Central Scientific Research Institute for Rail Transport Information, Technical and Economic Research and Propaganda, by I. Sokolova, GUDOK correspondent: "Bank of Information"]

[Text] An organization with a long name—TsNIITEI—is located next to the capital's Riga train station. It expands as follows: Central Scientific Research Institute for Rail Transport Information, Technical and Economic Research and Propaganda. I. Sokolova, our correspondent, discusses with V. A. Shemonayev, the institute's director, what its employees are now engaged in and how they picture their work in the future.

[Shemonayev] We are organizing our work along three main avenues—information, technical propaganda and research. Information goes to the railroads and to other organizations in the form of serial brochures that are devoted to the most diverse rail transport problems.

Technical propaganda requires an organizer's talent from our employees. The preparation of movie and video films on branch subjects, all-union conferences, seminars, lessons in schools of progressive experience, and exhibits, including those abroad, have fallen to their lot. A Ministry of Railways press center functions within the institute.

The institute workers are also engaged in technical and economic research, primarily studying the work experience of railroads in foreign countries. Their characteristic feature is participation in the tourist business, the mining of minerals and the processing of wood; ownership of their own automobile companies; and the establishment of joint enterprises to repair locomotives. Foreign railroad stations offer passengers a wide range of services. There, one can rent automobiles, leave one's car in a parking lot, order airplane tickets, obtain information on airplane and international bus schedules; and exchange currency. I am not talking about the multistoried hotels, restaurants, cafes, stores, and repair shops. Not many know, for example, the Amtrak company which carries passenger traffic in the United States. The state provides help to it in the amount of one billion dollars annually. The governments of the majority of the developed countries act this way.

Today, we have a special interest in the functioning of foreign railroads under market economy conditions.

[Sokolova] Viktor Alekseyevich, of course, you know what free business enterprise amounts to among them. What is your attitude toward the shift to market relations here?

[Shemonayev] I greet it—although not without some misgivings. I am afraid that many enterprises will desire to reduce their expenditures on science when they shift to self-financing. This cannot be allowed in any case

because it could slow down scientific and technical progress, including that in our branch. Few rail transport scientific research institutes are performing research in which all the railroads are interested. Moreover, one cannot manage without the basic divisions of science. This is work done for the future.

[Sokolova] You evidently have some plan for the institute's activity under the new conditions?

[Shemonayev] We expect to sell information on innovations in equipment and technologies to different organizations—from the Ministry of Railways to railroad divisions. Information is very expensive today. We are trying to make it more effective. Time also plays an important role. We are trying to raise its level. In order to do this, we are enlisting the aid of qualified specialists from the lines and are encouraging an increase in the scientific training of the institute's employees. Under market conditions, our activity will be organized on the basis of a contract with all interested organizations. We are already working under 65 contracts this year. We have established a marketing group that studies the information market and our potential customers. It will also advertise our services.

[Sokolova] Do you yourself participate in scientific research?

[Shemonayev] Of course. I have worked in the institute since 1968. I publish my own articles in railroad journals and sometimes in GUDOK.

[Sokolova] Do you have a favorite scientific subject?

[Shemonayev] I am especially interested in matters concerning labor productivity on U. S. railroads, the transportation of dangerous cargoes and traffic safety.

[Sokolova] How do you understand the collective's participation in the institute's management?

[Shemonayev] A labor collective council, a technical and scientific council and a women's council are actively operating here. All decisions are made publicly and are discussed in advance by the collective.

[Sokolova] A situation has taken shape in many Ministry of Railways organizations in which it is the leadership that primarily goes on foreign business trips. What is the situation with you?

[Shemonayev] It is best to study foreign experience directly on the spot. During the four years of the institute's existence, however, one of our employees traveled to Italy only once on a familiarization trip. I have been abroad to various meetings but not as often as the job demands. In my opinion, institute employees should travel abroad, purposefully conducting a search for the required information. It is difficult to pick up progressive experience and to find the required data on many branch questions from the prospects, magazines and catalogues of foreign firms.

[Sokolova] What do you expect from life?

[Shemonayev] Only one thing—stability. I would like to be confident of tomorrow.

Railway Collegium on Rolling Stock Shortages

914H0073a Moscow GUDOK in Russian 13 Dec 90 p 2

[Article by V. Chistov: "You Do Not Earn Money Without Cars: Notes From a Meeting of the Collegium of the Ministry of Railways"]

[Text] "You do not earn money without cars": This common, simple phrase which appeared in the speech of G. Komarov, chief of the East Siberian Railroad, at an expanded meeting of the collegium of the Ministry of Railways [MPS] needs no comment. If coal is not transported to a power plant or if completed output mounts up at the warehouses, insistent telegrams immediately fly off to all levels of authority: Use your influence on the railwaymen, they are not filling all their empty cars. The railwaymen constantly find themselves being criticized by reporters in the newspapers and on radio and television.

It would seem, however, simple logic shows that the railwaymen no less than the producers have an interest in ensuring that the cars are loaded on time and without interruptions. After all, the welfare of all the sectors depends on how freight is conveyed along the steel highways. The quicker the cars are turned around, the more profitable the transportation. In short, the producer, the railwayman, and the consumer need it like they need air. It is no accident that the most current slogan is "The car is national property." One could see similar slogans right in the auditorium where the collegium took place: "Preserving the railway car is our common task," "Transportation needs a working car," and "The railway car is state property."

Clearly everyone should be concerned about it. But in practice it is like the old saying: "Too many cooks spoil the broth." The more I work at GUDOK, the more I hear that there is nothing to carry the freight in—there are not enough empties.

After all, each year the inventory is replenished with new boxcars, gondola cars, and specialized rolling stock. They are built not only at enterprises of the Mintyazhmash [Ministry of Heavy Machine Building]—the defense industry is also involved. For example, the MPS spent more than one billion rubles [R] to purchase new freight cars.

Nonetheless, there really is a catastrophic shortage of cars. No, actually if one takes the total quantity, then there is an abundance of them on the network for the present volume of freight. It is just as the old story goes: There are cars, but there are no cars.

What kind of a paradoxical situation is this? B. Nikiforov, deputy minister of railways, expounded it to the

collegium's members. By the way, the expanded meeting was attended by chiefs of main administrations, chiefs of railroads or their deputies, transportation scholars, builders of cars, officials of the USSR Council of Ministers and Gosplan [State Planning Committee], and finance specialists. And they are familiar with the whole situation, as they say, through hands-on exposure.

Nonetheless, I cannot recall a more detailed and candid analysis of the condition of the freight car inventory than that presented to the collegium by B. Nikiforov. The picture was depressing. It turns out that half the cars which industry produced do not meet the norms for reliability that are accepted all over the world. That is to say that even in the very process of production we encounter a stalemate situation. And every year it is necessary to spend up to R200 million on modernization of the rolling stock. After all, it is maintained more intensively against wear and tear in our country than in any other. The potholes and ruts of Russian roads are known throughout the world. Do you think steel wheels can handle similar abuse any better? In the United States the rails last twice as long as ours. Because the rails are constructed poorly in our country, the cars wear out before their time. If you take into consideration the fact that every year industry falls short of MPS demands for deliveries of new cars, the inventory of freight cars is growing older from one year to the next. It is enough to point out that each year we produce enough resources to pay for 15,000 covered cars, but industry only delivers 5,000.

There are subjective factors. How do we treat this "national property?" The car is abused mercilessly during both loading and unloading. Mechanization in our country was not constructed to protect the car. Nor are the freight cars mistreated solely on spur tracks—our fellow railwayman does not stand on ceremony with them. The decree adopted by the collegium says clearly that many shunting stations, including some of the largest of the 100 most important stations such as Leningrad's Moscow shunting station, Khabarovsk-2, the Sverdlovsk shunting station, Osnova, Bataysk, and Kochetovka (the list can be continued at great length), have turned into catastrophes in terms of damage to rolling stock. Total losses comprise R2.5 billion per year.

Damaged cars must be reconditioned. But the plans for repairs are made up in advance, which means that all the materials and spare parts are also ordered in advance. And so our sector has turned into a "great repair industry." Dreams about the construction of repair-free rolling stock, like that in many foreign countries, remain dreams. And although in the network for management of the cars there are 350 depots, more than 2,000 stations for loading preparations and stations for technical maintenance, and dozens of factories—it is not within our power to keep up with the ever-increasing volume of freight car repairs. Hundreds of thousands of defective flatcars, boxcars, and gondolas are traveling throughout the network without floors and doors. At the stations for preparing wagons all they can do, although the labor

intensiveness of operations has neared that of a depot, is patch them up enough for a single trip so that they will again be put in for repairs afterward. As for the transport workers, they try to palm a broken-down car onto their neighbor by hook or by crook—like an unwanted gift. But a little later the second worker passes it back. After all, your neighbor is no fool either. And whom are we trying to deceive but ourselves? What other country would put up with such waste? No amount of human or material resources can be enough in this case.

Then is there no way out of this hopeless situation? After all, according to the calculations of VNIIZhT [All-Union Railroad Transport Scientific Research Institute] we spent R382.4 million last year just to recondition rolling stock damaged by our carelessness, enlisting for this purpose 48,500 people (2.5 times more people than all the workers involved throughout the network on depot repair work); and by how much will expenditures grow during the transition to market relations? Calculations by the scholars at VNIIZhT demonstrate that if these losses can be eliminated, we will be able not only to make up for the increase in expenses on the purchase of new cars and scheduled maintenance of the freight car inventory, but that we will be able to save significant amounts of money.

This means that the task is extremely clear: Recondition the existing car inventory as quickly as possible and put a sure halt to mismanagement. How this should be done was also a matter of discussion at the meeting of the collegium. There was no lack of suggestions. There is only one problem—we heard similar proposals a year ago and five years ago.

For example, several years ago an order from the ministry picked out base depots which were charged with mastering the process of reconditioning freight cars at an increased rate of repair. There is a tremendous need for this. Some 1.9 million cars under routine repair are in need of complete reconditioning of the body. As a result, there were even plans to bring special equipment to the depots and assign special priority to the repair of bodies. The ministry procured and transferred money specially targeted for the development of an industrial base at the depots. Some incentives, including financial ones, were established for the labor collectives and the transport workers. Enterprises appeared on the network—Grebenska, Krasnyy Liman, Yasinovataya, Melitopol, Bryansk, and a number of others—which became something like continually operating network schools of advanced experience. There is no counting how many specialists visited them on trips, how many conferences took place concerning these enterprises, and how many orders were published to ensure that the equipment developed by these innovators would be introduced everywhere. And what do we see today? Out of 309 base depots, only 192 have mastered the progressive technology. But after all, 70 percent of the rolling stock is in need not of preventive maintenance but of complete overhaul. The 192 depots will not be able to keep up with

such a volume. Indeed, another problem arises: Where will the necessary money and materials for this come from?

Or take another problem. With the transition of the railroads and departments to economic accountability and self-financing, those at the local level have an interest not in increasing the number of cars under repair but rather in accepting as few cars as possible for repair, preferably those that do not demand large expenses for their reconditioning. Such laws of economic accountability at the local level have come into conflict with the interests of the whole network and, thus, the whole state. How do we eliminate these contradictions?

There is one way out. At one time the ministry made a very correct decision in allotting a centralized fund for scheduled repair of rolling stock. And some people have already been saying for a long time that we also need to have such a fund for routine repairs as well, because then the depots will have an interest in increasing volume. Nor will the departments have to suffer because of additional expenses inasmuch as they will not have to pay out of their own pocket. On the October Railroad they want to go even further—they want to change the very structure of administration. They thought of creating their own cost-accounting car association, which all the depots will join with the status of independent state enterprises. This will permit workshops to specialize and establish their own production of scarce spare parts. Then, according to the builders of cars, they will not be working under the NOD (chief of the railroad department) but for the NOD, by building relations on contractual principles.

This idea gave rise to all kinds of reactions among specialists not only on other railroads but on the October Railroad itself. Even though it is not new as such. At one time A. Golovaty, former deputy minister and chief of the factories main administration, proposed that factories for repairing locomotives and wagons be united under a single authority with the depots, leaving only maintenance enterprises on the railroads. Similar ideas were heard at this collegium. Perhaps the time has really come to think about changing the structure of management of the cars.

After all, the main trouble seems to be that the freight rolling stock still has no real master. The matter has reached the point where now no one will accept a wagon either after unloading or after loading. Some time ago the inspection staff was reduced with a public announcement about how many rubles would be saved as a result, but for some reason no one thought about the consequences of such a hasty decision or about how much loss the national economy would sustain. Now this loss is hurting both the railwaymen and their clients. It is easy to tear down a clearly established system, but much more difficult to restore it.

Now people again wish to institute master inspectors and introduce, even if only gradually, beginning with boxcars, inspection of cars after they have been loaded. But with our financial deficit where are we going to find the money for that? Nor is industry in a hurry to be responsive to the railroads. In all the world the overwhelming majority of cargo is transported in specialized cars. In the United States, for example, they comprise 92 percent of the inventory, but in our country they only comprise 33 percent. For example, in general we have nothing in which to transport bitumen. And there is nothing we can do about it. So, we transport anything and everything in boxcars, including dangerous chemical substances and fertilizers. In cases like this there are no precautionary measures which may be applied. Eventually destructive practices become so ingrained on the network that on many railroads people do not even think of doing things differently.

One result of the expanded meeting of the collegium of the MPS will be a ministry order entitled "On Improving the Technical Condition of the Freight Car Inventory." Leafing through it (and the draft of the order comprises a whole booklet), it seems that not one note or proposal of the specialists has been left out. Only one circumstance keeps the report of the collegium from ending on an optimistic note. One cannot forget the words of Ye. Yershov, chief of inspection under the ministry: Back in 1982 the collegium ordered that a specific program for improving the rolling stock be worked out during the first quarter of 1983. Years have passed, the leaders of the main administrations have changed, but everything has remained the same. Preparing myself for this year's collegium, I looked over the report that B. Nikiforov gave in 1985. Many of the proposals that were announced this year were also put forward by Boris Danilovich five years ago. And they were approved. But we are still confronting these same issues today.

As they say, there is no need for commentary. Nonetheless, I sincerely believe that the transition to market relations will force everyone to seek economic levers as well, which will compel people to treat the cars as their own property. Otherwise neither the railroads nor their clients will survive. They will go bankrupt. But, judging by the speeches at the collegium, there is a way out of the impasse.

Institute Director on Rolling Stock Production Problems

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[Article by Akim Ivanovich Rechkalov, director of the All-Union Scientific Research Institute for Railcar Building, USSR State Prize winner and distinguished RSFSR industrial engineer: "Railcars Are in a Cul-de-sac of Problems."]

[Text] Specialists maintain: "The situation regarding the production and delivery of railcars to the country's

national economy is a very serious one. It can become a catastrophic one within the near future if urgent steps are not taken. The USSR Supreme Soviet should express itself in solving the problem...."

If our statisticians attempted to calculate on what subject most critical articles were published during recent years, you would—in all probability—be convinced that it was the poor work of transport. Indeed, much has been said and written about the problem of supplying rail transport with rolling stock. The shortage of railcars has forced the country to purchase them abroad. A total of 2.3 billion foreign currency rubles were expended for this purpose during 1986-1989. What is the reason for this situation?

Today, only 76 percent of the passenger car demand in the country is being satisfied. The capacity of the Tverskoy Railcar Building Plant imeni Kalinin (TVZ), which is the only one in the country manufacturing railcars, is being fully used; however, the question of its further expansion and reconstruction has not been resolved over the course of several years. The fact that the Tverskoy plant is manufacturing passenger cars of the open type, so-called reserved-seat carriages, is aggravating the problem. If one considers that such a railcar's service life is more than 30 years, our grandchildren will still be traveling in them. It is difficult to make this agree with the concept of basic comfort. If we were to remove them from production today and shift to the production of only railcars with compartments, the number of passenger places, which this plant annually produces, would decrease in proportion to their capacity because an open-type railcar has 54 sleeping places and a compartment-type railcar—only 36.

Matters are no better with suburban communications. The Rizhskiy Railcar Building Plant is the only manufacturer of electric and diesel trains in our country. The Rizhskiy Electric Machine Building Plant provides it with electrical equipment. Whereas reconstruction has begun in the former, there have been no decisions on reconstructing the latter plant. One must add to this the fact that construction of a shop at the Demikhovskiy Machine Building Plant in Moscow Oblast is being carried out at the same time. It is planned to manufacture trailer-cars for electric trains here. Together with the Rizhskiy Railcar Building Plant, this will permit the output of electric trains to be doubled. However, the problem will not find a logical conclusion without doubling electrical equipment manufacturing capacities.

The fact that the problem of suburban communications will not be solved in the next three-five years flows from this.

The acuteness of the problem concerning freight rail shipments in our country is evident to everyone. The construction of many shops at the Abakanskiy Railcar Building Production Association, Altayskiy and Stakhanovskiy railcar building plants and the Belevskiy Rail

Transport Machinery and Instrument Plant, which was started during the Ninth Five-Year Plan, has still not been completed.

There is still a chronic shortage of steel railcar castings to increase the production of new railcars and spare parts for them. Almost every year for the past 20 years, the USSR Gosplan has discussed the question: "Where should one get steel railcar castings?" The only solution always is the need to build steel casting capacities at the Abakanskiy Railcar Building Production Association where the framework of the casting shops has stood since 1972. Instead of forcing the completion of the construction of these shops, the country began to purchase railcar castings in India during 1990, paying for them in hard currency.

This is far from a complete list of the unsolved problems in the transport machine building subbranch. You see, however, labor productivity in the country on the whole and, consequently, our material support and the size of our national income depend to no small degree on this subbranch's condition. The massive idle time of thousands of enterprises and the negative psychological attitude and moral climate of passengers—these factors alone require the taking of very decisive steps.

What must be done to improve the delivery of rolling stock for the needs of our national economy?

Regarding the delivery of passenger cars—in my view, it is necessary to accelerate the solving of the question of reconstructing the Tverskoy Railcar Building Plant. Here, one must provide for the establishment of a special construction trust, perhaps, by transferring some construction trust or other from other rayons of the country. This plant's reconstruction, however, will not completely solve the problem of satisfying the requirement for the delivery of compartment-type passenger railcars. In order to satisfy the requirement fully, either the construction of a new plant, which would take no less than five-seven years, or the involvement of a number of enterprises through conversion is required. Probably the USSR Gosplan must work on the question regarding the possibility of involving the former Lianozovskiy Railcar Building Plant or other defense complex plants, which are capable of producing passenger cars, in the production of passenger cars. One must spread the production of the individual components of passenger cars among defense complex enterprises without delay—in order to provide help to the Tverskoy Railcar Building Production Association.

A special question is the supplying of the railcar building industry with electrical equipment both for passenger cars and for electric trains. The most realistic way to solve this problem is to announce a competition for the development and delivery of modern electrical equipment systems for passenger cars among defense complex enterprises. The advisability of foreign firms participating in this contest is not excluded.

The problem of solving the requirement for steel castings and freight cars should, in my view, be solved only by accelerating production in the Abakanskiy Railcar Building Production Association. However, the forces of the association itself and the USSR Ministry of Heavy Machine Building cannot solve this important state problem. It can basically be solved by extending the construction of this project, which is important for the national economy, using state assets or attracting foreign credits.

Ways to solve this important national economic problem with a transition to market relations can be realized only if the state provides the appropriate material support for the railcar building industry. Judge for yourselves.

Today, the profitability for the popular types of freight cars ranges from 9.6 percent (for flat-cars) to 13.2 percent (for gondola cars). According to the freight car price-list, the cost ranges from 10,800 to 13,800 rubles depending on the type. At the same time, the average price of a general-use freight car ranges from 35,000 to 50,000 dollars in the world market depending on the type of car.

The picture is also similar for passenger cars. The price of a TVZ reserved-seat passenger car is 79,500 rubles while we paid the former GDR twofold more for a similar passenger car of the compartment type and the average world market price of this railcar was 320,000 dollars and more depending on the comfort conditions.

The directors of our enterprises are filled with indignation by these prices for railcars produced for the domestic market, and as soon as they sensed the opportunity for a free selection of the products list, they directed all their thoughts to the selection of another, more economically profitable, products list. In addition, they are actively studying opportunities for delivering railcars for export. Thus, the delivery of 7,500 freight cars for export during the 12th Five-Year Plan had a substantial effect on the work of our domestic railroads and industrial enterprises.

With the transition to a market economy and the granting of the freedom to select the subject of a contract, which the law "On Enterprises In the USSR" provides for in 1993, the situation with respect to supplying rolling stock to our railroads can become even more complicated if decisive steps are not taken today to establish conditions for the railcar builders' economic interest in expanding the production and delivery of railcars. This can be achieved either by increasing profitability through the regulation of prices or through the help of preferential taxes. In addition, it is necessary to establish preferential financing for the railcar builders for the receipt of credits to reconstruct and build capacities.

How can one assure the uninterrupted operation of railcar building plants under the conditions of market relationships? You see, several thousand freight cars less than the planned amount were handed over during the

last decades alone because of production idle time in them caused by the untimely delivery of rolled metal products, wheels, axle rods, bearings, and other component items.

Idle time has increased sharply this year. The manufacturing of more than 1,500 freight cars and dozens of passenger cars has been disrupted for these same reasons during the first nine months.

All hope lies in the effective operation of the decree of the country's president "On Urgent Measures To Stabilize Economic Ties." As is known, it requires the economic ties, which have taken shape, to be maintained and contract obligations for the delivery of raw material, materials and component items to be fulfilled during the fourth quarter of 1990 and during 1991.

It remains to add that only concrete and decisive steps on the part of the government and labor collectives to realize the measures, which have been proposed, can permit an increase in the delivery of rolling stock and the acuteness of the rail shipment problem to be smoothed out by the end of the 13th Five-Year Plan.

The Author's Calling Card:

Akim Ivanovich Rechkalov worked for 20 years in the country's largest railcar building plant, including 10 years as the enterprise's chief designer. In 1967, he was invited to accept the position of chief engineer in the Main Administration for Railcar Building of the USSR Ministry of Heavy Machine Building. Subsequently, he headed the All-Union Railcar Building Industrial Association. He has directed the All-Union Scientific Research Institute for Railcar Building for the past 10 years.

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